Daily Report

East Europe

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Albania: Zhulali Visits 'Peaceful Eagle '96' Exercises Venue

AU1207110796 Tirana ATA in English 1943 GMT 11 Jun 96

[FBIS Transcribed Text] Tirana, July 11 (ATA)—The Albanian Defence Minister Safet Zhulali accompanied by the General Chief of Staff of the Albanian Army, General Sheme Kosova visited on Wednesday the Biza region, in Tirana, the venue of multinational exercises "Peaceful Eagle '96" in which eight NATO member states and their partners will participate.

Brigadier General Vladimir Ismolli acquainted Zhulali with the terrain, deployment of troops and elements of the exercises, the creation of a camp and providing living conditions for troops.

Zhulali also visited the shooting-galleries which were built by experts of the U.S. army. He said that the Albanian army units should use the shooting-galleries and extend their experience to all the army.

He also met with the U.S. military personnel.

Albania: Foreign Ministry Official Discusses Kosovo Issue

AU1207110996 Tirana ATA in English 1014 GMT 11 Jul 96

[FBIS Transcribed Text] Tirana, July 10 (ATA)—Director of the Balkan and Middle East Department in the Albanian Foreign Ministry, Eqerem Mete, held an interview with ATA regarding a meeting of South Eastern European Foreign Ministers in Sofia, Bulgaria, from July 6-7, 1996, upon the initiative of Bulgarian Premier Zhan Videnov.

An Albania delegation headed by Deputy Foreign Minister Arian Starova attended the meeting.

Asked about the opinion of the Albanian government on this initiative of the Bulgarian Premier, Mete said that his government thought that a successful meeting needed more preliminary preparations. The Bulgarian government and other delegations in the meeting shared the same opinion.

The Albanian delegation during the meeting had many talks and consultations not only in bilateral aspects but also for the coordination of stands about problems in the meeting. It has supported the other delegations in the economic and trade aspects, in the Balkans infrastructure and in the setting up of coordination centres on multilateral interests.

The Albanian delegation raised Kosova's issue in the meeting considering the fact that Kosova issue is a key regional and international problem closely related with the Balkan's peace and stability which should not be forgotten.

It is Albanian official opinion that the question of Kosova should not wait until the situation calms down in the Balkans and then erupt, Mete said, because calmness has as a precondition the problem's solution or its setting in the road of solution, otherwise it may destabilize the region. But if this problem was to start from the wait and see premises (an irreal viewpoint), deeply wrong and completely anti Albanian this question would not have been internationalised so much today.

Due to the constant discussion of this issue by the Albanian diplomacy it has become a topic of all UN and OSCE [Organization for Security and Cooperation in Europe] agendas and their special resolutions, concluded Mete.

Albania: SP Official To Be Investigated Under Genocide Law

AU1007134196 Tirana ATA in English 1008 GMT 10 Jul 96

[FBIS Transcribed Text] Tirana, July 10 (ATA)—Former speaker of the first pluralist parliament, one of the most active and influenced figures in the Socialist Party (SP), Kastriot Islami, will be investigated under the antigenocide law. The independent daily KOHA JONE cites the prosecutor in chief Adnand Xhelili saying that Islami will be questioned about some events of the December movement 1990, killings of April 2, and violent actions. The daily also carries the response of Islami who says, "I have not been involved in any events I am going to be interrogated."

The daily GAZETA SHQIPTARE also reports on the investigation under the title "Antigenocide: Islami under investigations."

Regarding this issue, the daily RILINDJA DEMOKRATIKE reports today that Kastriot Islami was not allowed on Tuesday to enter the SP headquarters. "Recently, Islami was prepared to be the most powerful man of the SP. In the latest meeting of the SP leading committee, Islami was considered as the person of former president Ramiz Alia," the paper reports. It added that Islami will be summoned soon as a witness in the trial of the former president Alia, who is accused of genocide.

While the daily ALBANIA citing one of Islami's closest friends on this issue says that after the Prosecutor's office Islami went to an embassy of a "friendly" country and asked political asylum. "Meanwhile, all the border cross points have been informed about Islami's possible

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fleeing," the paper said. Islami has been sued three times and is accused of complicity in crimes of 1991-1992. He, as one of the figures of the "strong line" in the SP, is known for his public calls of "breaking the skulls of democrats" in the SP meetings five years ago.

Albania: Prosecutor Begins Investigation of SP's Islami

AU1107125496 Tirana GAZETA SHQIPTARE in Albanian 10 Jul 96 p 5

[Article by Mentor Kikia: "Antigenocide—Islami Under Investigation, Too"]

[FBIS Translated Text] Tirana—The "Alia file" has roped in Kastriot Islami. The Socialist Party's [PS] press spokesman will soon be the guest of investigators from the Tirana Prosecutor's Office. Sources within the Prosecutor's Office have confirmed this, without reporting any details about how far the investigation of the former chairman of the Albanian parliament will go. Islami's name surfaced during the prosecutor's investigations into the case of Alia, who was arrested on charges of genocide and crimes against humanity. Islami has expressed surprise at the prosecutor's "initiative" and has said that he was never implicated in any act constituting a crime, least of all anything that could be construed as genocide.

It appears the number of big shot defendants will rise. The denunciations of the Forum of Intellectuals last December led to 34 former senior Albanian state officials, including former president Alia, being put in handcuffs, or to arrest warrants being issued for them in their absence. The arrests began in January this year and ended in March. All faced the same charges of genocide and crimes against humanity. Fourteen of the former officials have been sentenced by the courts, and verdicts on the others are expected soon.

Another group, most important members of which are Ramiz Alia and former Interior Ministers Hekuran Isai and Simon Stefani, remain in the cells under investigation. Islami's name appears to have surfaced during the investigations of Alia. It is still not known what specific charges Islami will face, but the fact that he will be investigated alongside Alia is an ominous sign for the physics professor. There are a mountain of accusations against Alia. Besides the "collective" charges of genocide and crimes against humanity, Alia faces charges over the events of 2 April [1991] in Shkoder and at the Joint Officers Schools in Tirana. In a few days Islami will be a "guest" of the prosecutor, not to testify against Alia, as rumors circulating in the press have claimed, but to respond to the questions of investigators who are compiling an "Islami file." Islami had dealings with President Alia from April 1991 to March 1992, when Islami was chairman of the parliament that emerged from the first pluralist elections in Albania on 31 March 1991. What will be the focus of the investigation into Islami? He himself has expressed surprise at the investigations against him. "I was in Italy when the events at the Joint Officers Schools took place," he said yesterday, adding: "I have no connection with 2 April because I became chairman of the parliament on 15 April." It was nevertheless the parliament led by Islami that was involved in the investigation of the events in Shkoder in the spring of 1991. It is uncertain how Islami's "story" will end. Will he be placed in the dock, will he be arrested, or will he simply be investigated with the aim of filling out the major charges to be raised against Ramiz Alia?

Albania: Socialist Party on OSCE Call for New Election

AU1107160696 Tirana ZERI I POPULLIT in Albanian 11 Jul 96 p 2

[Statement by the Socialist Party Presidium issued in Tirana on 10 July: "New Elections—Necessary To Restore Faith in Democracy in Albania"]

[FBIS Translated Text] The OSCE Parliamentary Assembly has also called for new elections in Albania. The Stockholm decision comes after decisions and statements in Brussels, Washington, and Strasbourg. The entire democratic world has now recognized the truth about the stolen votes of 26 May, and is asking for new elections as a necessary condition to restore faith in democracy. The stand taken by Albania's officials over these demands is ridiculous and beyond all common sense in modern politics. Starting from stale accusations against the observers at the elections, they go so far as to accuse European deputies and U.S. congressmen of involvement in lobbies or plots "against the country's sovereignty."

This is exactly the same political language as that of Hoxha's regime. Starting with insinuations about the resolution of the European Parliament being manipulated by the left, they go so far in their disdain for the OSCE as to call the decisions of this prestigious organization "advice" that we will not be heeded. This is the same mentality as that of Hoxha, who never wanted to know about the Council for European Security and Cooperation! It is regrettable that these views can not only be read in the Democratic Party's newspapers, but are also expressed in official statements at international forums by the head of state and his "tape recordings" that he sends as his political envoys. The government chorus intones everywhere: "Do not interfere in our af-

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fairs"; "Elections in the year 2000"; and "What business of yours is our sovereignty?" These are the clearest signs of a policy of self-isolation. The coarseness with which Albanian officials express themselves to organizations of which Albania is a member shows that the old Albanian political mentality has deep roots in government and especially presidential practice. Blinded by their greed for personal power today, the members of the government fail to see the historic responsibility they have shouldered.

However, it must be clear to them that nobody in Albania any longer has the moral or political right to behave in this way toward the Council of Europe, the OSCE, the European Parliament, U.S. congressmen, etc. Nobody has the moral and political right to envisage Albania's renewed isolation or to acquiesce in indifference to her on the part of the democratic world. The Socialist Party, reiterating its consistent stand in support of the decisions and statements of European and U.S. organizations, asks the head of state and all sections of Albanian political life to give up their Enverist obstinacy and to sit down on the genuine common ground of political dialogue at home and abroad, in order to find the best possible way of surmounting the crisis. They must first of all admit that there can be no democracy without free elections. This is the will of the Albanian voters. This is the only way to Europeanize Albania.

Albania: Socialist Party's Congress Preparation Schedule

AU1007193696 Tirana ZERI I POPULLIT in Albanian 9 Jul 96 p 3

["Decree by the Socialist Party General Management Committee" issued in Tirana on 8 July]

[FBIS Translated Text] The Socialist Party [PS] General Management Committee, at its meeting on 8 July, decided:

During July and August 1996, all the organizational structures of the party will hold regular meetings to analyze the last year of their work, to hold new elections, and to prepare for the PS congress.

Problems to be confronted by a new strategy and clear tactics, the new political situation in the wake of the 26 May elections, and problems of the party's internal life will be the focus of study for all the party's structures.

The analyses in party organizations and in district organizations will be conducted according to the following schedule:

1. Between 10 and 31 July, party organizations will hold meetings to analyze the last year of their work and to hold new elections. The organizations will also complete the full number of delegates for the district party conferences to make up for those who have left or will not be present for other reasons.

2. Elections for the constituency councils will also be held between 10 and 31 July, after the meetings of organizations have been held.

3. District party conferences will be held between 1 and 15 August. The district party conferences will conduct analyses, and will also elect the members of district management forums and will make up the full number of delegates for the congress.

4. The PS congress will be held on 24-25 August.

Albania: Socialist Leader Views Congress, Nano's Motion

AU0907093896 Tirana ATA in English 2030 GMT 8 Jul 96

[FBIS Transcribed Text] Tirana, July 8 (ATA)—The Socialist Party would surely have had a much better result in the past elections if it had a clearer, more complete platform and if it had carried out changes on time and not so late, said Socialist Party (PS) deputy chairman to the Albanian Television last Sunday [7 July].

Ilir Meta referred to the May 26 parliamentary elections, in which the Democratic Party won the majority and which were boycotted by the PS, alleging the vote was rigged.

After this acknowledgment, Meta however added that "the main factor (for the loss of elections) was the manipulation of votes by the present government."

As regards the next PS congress, Meta said that: "We want a complete PS Congress, so that the entire party be renewed, renovated, and changed not only concerning some issues in the programme, which are outdated."

A motion addressed to the PS Presidency, the chairman of this party, Fatos Nano, currently convicted of embezzlement and document falsification, has asked the convention of the second phase of the PS Second Congress, while Meta and other leaders of this party ask a new congress.

Following the Nano motion, last week's press wrote of "cracks inside the PS." Through the motion Nano orders the "urgent" call of the PS Congress.

GAZETA SHQIPTARE last Thursday [4 July] wrote that on behalf of "the socialists' leading staff," a letter had been sent to the jailed leader asking him to block the motion.

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Meta, who is also chairman of the Albanian Euro-Socialist forum, acknowledged last Wednesday [3 July] at the expanded meeting of the Euro-Socialist Forum branch of Tirana that "the present situation with us going ahead to the PS congress, has also led to debates about its further renovation as a European social-democratic force," according to last Thursday's ZERI I POPULLIT.

Albania: Socialist Press on Coming 'Congress of Reform'

AU1107170296 Tirana ZERI I POPULLIT in Albanian 11 Jul 96 p 1

[Editorial: "The Socialist Party's Congress of Reform"]

[FBIS Translated Text] The most recent meeting of the Socialist Party [PS] General Management Committee decided that the party will hold its congress on 24 and 25 August. The same delegates that took part in the congress's first phase will attend. In special cases, in which various delegates cannot participate in the congress for objective reasons, the PS conferences in the districts will have the authority to replace them with new delegates. The congress will be preceded by meetings of party organizations and district party conferences, which will be held between 1 and 15 August. These party grass-roots forums will analyze the four years of the party's work, and especially the current political situation and the party's tasks in order to strengthen its role and improve its political image. They will also elect the party's decisionmaking forums at grass-roots level.

The PS congress meets at an important moment in the political life of the country and of the party itself. The political crisis that has gripped the country after the affront to the people's free vote in the 26 May elections and the efforts to resolve this crisis will be the focus of the party congress' discussions. Moreover, the reform processes that have now swept over the entire party, whose aim is to clarify the party's social democratic profile, give this congress special importance. Approving the party's basic political documents and electing its central leadership bodies will also be important aspects of the congress agenda. This was the main preoccupation of the long, open, and constructive debate that the General Management Committee conducted at its most recent meeting. The debate focused on the political platform for the forthcoming congress put forward by the party presidium, and the motion of party Chairman Fatos Nano on the same issue, which was supported by some of the members of the General Management Committee.

These important political initiatives did not arise unexpectedly at this moment in the party's life. They have come about as a logical consequence of the development of the political situation in the country and within the bosom of the party itself. The approach of the planned congress was the reason why they surfaced at the present moment. The debate conducted at the most recent meeting of the General Management Committee was a continuation of the open debate on these issues that was evident in the first phase of the congress. It gained special impetus from the events of 26 May and especially those of recent days. This debate became especially urgent after the motion of party chairman Fatos Nano. In their speeches, all the members of the General Management Committee praised the documents submitted to the meeting as embodying the desire of party members and the democratic Albanian public for the next party congress to mark a new and decisive phase in the party's reform. The demands submitted in the motion of the party chairman for the reform of the party's basic political documents, the adoption of political stands in accordance with the resolutions of European organizations, and the renewal of the party's management structures were fully argued. The ideas about the congress's political report and the new program and statute to be submitted by the party presidium were a more detailed and full embodiment of demands for the reform of the party.

Speakers at the meeting pointed out the virtually total convergence of the ideas in the party chairman's motion and those in the party presidium's political platform. They stressed that they saw no reason for misunderstandings or divergences over these issues, and there was no place for the speculation in various newspapers about an alleged "split" in the PS. They nevertheless pointed out that the debate on these issues must confine itself to the ethical norms of democracy, in order not to confuse or shock the members of the party and the party's electorate. The decisions made at the meeting of the General Management Committee were a sign that the two documents that had been submitted shared common ground.

The question of the date of the congress was also a subject for debate at the committee meeting. All the speakers took the view that the congress must meet as soon as possible. The reason for this is the political situation, which is fraught with important events such as the local government elections and parliamentary elections. The party must be free of the work of the congress on the threshold of these events. The meeting also stressed that a proper amount of time must be left for intensive preparations for the congress. Besides the meetings of the grass-roots organizations and the district conferences, the basic congress documents must be approved by the General Management Committee and made known to the party and the public, so that they

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can be discussed before the congress. It was therefore judged that the best possible dates for the congress are 24 and 25 August.

As for the congress delegates, on the basis of the party statute they have a full mandate to take part in all the congress proceedings. The views expressed by some committee members that the importance of the problems to be discussed at the congress calls for new delegates was considered groundless and against the party statute. The meeting repudiated the insinuations of some newspapers regarding the status of the members of the General Management Committee at the congress. The party statute states on this issue: "Members of the General Management Committee and Socialist deputies, when not elected as delegates, take part in the congress without voting rights." This rule of the party has been enforced at the proceedings of the congress, and will be enforced in the future, too. The meeting saw no need to elect a new party general secretary following the resignation of Comrade Gramoz Ruci, or to coopt new members for the General Management Committee. This is because there is less than two months before the congress, at which the party will elect its new management bodies.

The publication in the newspaper of the political platform for the preparation of the congress has now started, and this will make possible a discussion and debate of the party's basic political documents during this preparatory period. The General Management Committee stresses the need for the party to commit itself at the same time to the preparations for the congress and to political initiatives to resolve the crisis that has gripped the country. In particular, following the resolution of the OSCE Parliamentary Assembly about new parliamentary elections in Albania, it will be necessary to conduct intensive political activity in cooperation with other political parties, in order to realize this demand.

Albania: PS Continues Debate Over Party Reform Proposals

AU0807181796 Tirana TVSH Television Network in Albanian 1635 GMT 8 Jul 96

[FBIS Translated Text] There was a fierce debate in the Socialist Party [PS] Steering Committee today. According to ATA, the PS Steering Committee is holding a continuous session in Tirana, a meeting that was preceded by polemics between the imprisoned chairman and the party deputy chairmen, presidency members, and Steering Committee.

Sources at the PS who asked to remain anonymous reported that the committee declined to discuss the motion submitted by imprisoned Chairman Fatos Nano.

Meanwhile, Acting Chairman Servet Pellumbi has presented a proposal to the presidency to reform the party. Among the three options presented by Servet Pellumbi is a request to dissolve the party and reestablish it.

During the numerous discussions, a proposal was put forward that all former leaders and high nomenclature of the former Party of Labor of Albania [PLA] be expelled. There was also a special request for open condemnation of the crimes of dictator Enver Hoxha and the last communist president, Ramiz Alia.

The same source who refused to be identified confirmed that Nano's proposal to dismiss the executive presidency was unanimously rejected, including the idea of inserting other elements in leading PS organs.

The source also confirmed that writer Dritero Agolli maintained a harsh stance against Fatos Nano. Agolli stated that he had observed dishonest behavior from Fatos Nano. Agolli later denounced the fact that Fatos Nano's wife justified her candidacy for deputy by saying that Nano himself was being deprived of the candidacy due to the Genocide Law. Agolli said that he was among those affected by the Genocide Law but did not propose his wife, who is also a journalist, as a candidate for deputy.

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Bulgaria: Minister Dachev on Industry's Current Problems

AU1107155596 Sofia DUMA in Bulgarian 11 Jul 96 p 3

[Interview with Bulgarian Industry Minister Lyubomir Dachev by Veselka Marinova; place and date not given: "The Priorities in Industry Will Be Made Known in Two Months"]

[FBIS Translated Text] [Marinova] Mr. Dachev, what is happening to the companies included on the list for liquidation?

[Dachev] The companies that are in an absolutely hopeless situation, and have up to this point merely consumed funds from the budget to make losses, will be closed down. Other companies, in cases where there is a possibility of drafting a program to rescue them from their crisis, will be rehabilitated.

[Marinova] How many of the companies earmarked for closure already have such programs?

[Dachev] At the ministry, we already have information that 11 of these companies are preparing rehabilitation programs. They include ZENA in Dobrich, Iris in Ruse, MebelKom in Yambol, Kamko in Plovdiv, the steel castings plant in Rakovski, and others.

[Marinova] What are the biggest problems facing Bulgarian industry today?

[Dachev] They are connected with the lost markets, and the fact that we no longer receive the basic raw materials that the former Soviet Union used to supply to us because our contacts with the relevant ministries and organizations in Russia have been interrupted. Unfortunately, whereas the other former socialist countries have been negotiating with Russia, people in Bulgaria have been saying that we would sue the Russians in court, destroy the Russian monuments, and so on. About two months ago, Bulgarian products and technologies were shown at an exhibition in Leningrad [St. Petersburg]. A similar exhibition was also held a year previously. However, the difference between the two exhibitions was evident. Whereas last year our people were very enthusiastic, established contacts with Russian companies, and even started to negotiate some deals, this year the level of interest was zero. Anyone who looked in at the exhibition asked questions about the anti-Russian feelings in Bulgaria.

[Marinova] Do you not think that the closure of scientific research units and institutions is one of the reasons for the collapse in our industry?

[Dachev] Their closure was due to the decline in production, which led to a lack of funds for maintaining them. In my view, the basic reason for industry's decline is that it did not have any work to do, not because the institutes were closed down.

[Marinova] When do you predict that Bulgarian industry will start operating normally?

[Dachev] The institutes that developed new products and technologies no longer exist. Without new products and technologies, we cannot make break into any new markets or recover the former positions that we have lost. We have to master the production of products that are of interest to other countries, or at least to those countries with which we trade. However, we should have no illusions; it is absolutely impossible to restore the old network of scientific institutes and development organizations that used to operate very well. This is due to financial reasons. In addition, it is inexpedient to do so, because the priorities that we had then no longer exist. For example, there is no market for our electronics products at the moment, and we are unlikely to find any in the near future.

[Marinova] Does this mean that at present Bulgarian industry really has no priorities?

[Dachev] We can talk about priorities in two months, when a draft document on the strategy for developing the national economy will be submitted to parliament. We will know the priorities then, but at the moment we can say that we are concentrating money and efforts in the sectors and subsectors that are actually providing us with fresh funds from exports sales.

[Marinova] Which sectors are these?

[Dachev] Unfortunately, they are the sectors that other countries regard as unprofitable for their manufacturing activities, such as ferrous and nonferrous metallurgy and the heavy chemical industry. One can already see a few gleams of light at the end of the tunnel in light industry and mechanical engineering, which has started, albeit very slowly, to emerge from the crisis (in certain fields). However, we are still a long way from achieving what we did before 1989, when we started to make some breakthroughs in South America in sales of classic machine tools, such as metal-cutting and grinding tools.

[Marinova] What about the bad debts that weigh industry down?

[Dachev] Industry now has another big problem. If we can find from somewhere the small amount of money needed to provide circulating capital for the companies that already have contracts or are about to conclude them, things may begin to take off. At present, the situation is completely stalled, and a number of companies find themselves unable to manufacture or

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export because no one will give them a few million leva for working capital.

[Marinova] Are you ready to give helping hand to private industrial manufacturers?

[Dachev] A prospering economy is not achieved by trade alone, what is needed is production. However, our ministry has almost no financial possibilities for aiding private initiative in industry. At the Ministry of Education, Science, and Technologies we used to have a fund for financing small high-technology companies and new products. A number of private companies managed to win competitions for funds.

[Marinova] Do you sense any pressure from certain lobbies representing individual interests?

[Dachev] There have been no attacks, but perhaps certain things have accumulated and people are seeking a breathing space, mainly regarding personnel issues. In principle, I have reached an understanding with those who come to see me that things cannot be arranged in this manner. Checks have to be carried out by our experts, and analyses made of the company in question, and only then can a decision be adopted in consultation with the local authorities.

[Marinova] What are your ministry's attitudes to the big economic groups?

[Dachev] To date, I have had meetings with representatives of two of the larger private groups, namely Euroenergy and Multigroup. These meetings were more of an exploratory nature, and no one assumed any commitments.

Bulgaria: BNB Governor Views Topical Banking Issues

AU1107192496 Sofia TRUD in Bulgarian 11 Jul 96 p 10

[Interview with Bulgarian National Bank Governor Lyubomir Filipov by Ekaterina Vitkova; place and date not given: "The Judiciary Is Humiliating Our National Bank"]

[FBIS Translated Text] [Vitkova] Mr. Filipov, recently the Bulgarian National Bank [BNB] has become an object of strong political intervention. What dangers are inherent in this development?

[Filipov] The intervention is not so unusual, since parliament is empowered to elect the BNB governor and his deputies. The two recent candidatures did have some very political aspects. Regarding Plamen Ilchev, I cannot agree in any way that this is a political decision, because Ivan Kostov—and I emphasize this—appointed him as executive director for Bulgaria at the European Bank for Reconstruction and Development, although he did first consult the two deputy governors at the time. As for Evgeni Uzunov, he simply has the "bad luck" to have served as a secretary of the Komsomol Central Committee. Apart from this, it is well known that he has been an executive director of a commercial bank for many years.

[Vitkova] Now you are holding talks with President Zhelev about the candidates for seats on the BNB's new board. Will you reach agreement with him and what will be the price?

[Filipov] I hope to reach agreement. The president emphasizes that he does not want to bring in his own people, but wants people selected who will defend the BNB's independence. A large measure of agreement already exists between us. It can be said that only one seat is still a matter of dispute between us (the BNB board member who will also chair the Bank Supervisory Council—editor's note). I am sure that we will reach an understanding. I hope to God that this happens soon.

[Vitkova] Now that liquidation procedures have started for the insolvent banks, tension has appeared in relations between the BNB and the judicial system. What is your comment on how the institutions have behaved in the dispute with the Private Agricultural and Investment Bank?

[Filipov] The reaction of the judicial system is to some extent natural, given the present conditions in our country, where everyone strives to demonstrate his independence, but the case of the Private Agricultural and Investment Bank is an extreme one. Misuse has been made of the fact that a member of the Supreme Judicial Council is also a member of the bank's Supervisory Council. (Ivan Nikov, the attorney of Kiril Dunev—editor's note) There is a limit to which a central bank can be humiliated, but this is really too much.

The same applies to the adjournment for three months of the case against the First Private Bank and Mineralbank. It is alleged that we committed procedural errors. Even if this is true, one must abide by elementary logic. Can it be claimed that a bank's condition is normal when all our demands for collections were postponed and contested, while the amount of our demands is a third of the bank's balance? I hope the court will realize that these matters are absurd; otherwise we will be compelled immediately to start insolvency proceedings.

[Vitkova] Many people with money in the banks that have been declared insolvent cannot use their savings. Is the attitude shown toward them unfair?

[Filipov] It is true that there are some banks where conditions may warrant starting bankruptcy proceedings. It

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is also true that this is inconvenient for the depositors of these small and medium-sized banks, since their deposits are left hanging in the air. It is particularly annoying for people with leva deposits, because they feel themselves to be absolutely safe if the bank in question is declared insolvent. However, these are comparatively small banks that pose no risk to the system as a whole. We are trying to concentrate first on the larger banks. Apart from this, as you know, the Bank Deposits Guarantee Act set extremely stringent limits on the extent to which the Finance Ministry can issue the relevant security warrants. (80 billion leva—editor's note) This means that a compromise must be sought. We are obliged to do this, because of the shortage of resources.

[Vitkova] I was not only thinking of small and medium-sized banks. What about Balkanbank, for example?

[Filipov] Problems do indeed exist in Balkanbank. This is the bank that we have helped the most. Where problems exist, they relate more to foreign currency deposits, which are quite large and numerous. Because the bank is a large one, the withdrawal of foreign currency deposits is most affected. We will continue to assist the bank in improving its liquidity. However, we must be very careful because any improvement in liquidity in Balkanbank immediately affects the system of settlements with the other banks and immediately raises tension in the foreign exchange market.

[Vitkova] Do you continue to believe that the main reason for the rise in the dollar rate is the forthcoming foreign debt payment?

[Filipov] Yes, but it is not natural for everyone to hang on to their foreign currency to such an extent and for no one to be willing to sell. It is true that some devaluation of the lev has taken place, but as capitalized income leva deposits also pay about 10 percent interest a month. This equalizes the situation, compared with a number of periods of devaluation of the lev when the devaluation was not always as great as it is now. The BNB intervenes in the market almost continuously by selling foreign currency, but the market is terribly hungry. No one wants to sell, it is as simple as that, even though some banks and clients have foreign currency that they could sell.

Bulgaria: Article Accuses BSP of Ruining Agriculture

AU1107125596 Sofia DEMOKRATSIYA in Bulgarian 11 Jul 96 p 3

[Article by Senior Scientific Fellow Dr. Diana Savova: "Bulgarian Socialist Party Is Leading Farm Production Into Disaster"]

[FBIS Translated Text] In 1992, when the then government of the SDS [Union of Democratic Forces] initiated the first steps in implementing the agrarian reform, the apologists of the "modern" left party raised a concerted howl that agriculture faced ruin. The only measure that the SDS program planned was to liquidate the labor collective farms, which had proved their inefficiency and caused socioeconomic and material ruin in agriculture. The statistics are relentless: In 1990, over 60 percent of tractors and farm machinery were obsolete and completely unserviceable; 55 percent of farm buildings were beyond repair and awaiting reconstruction; over 84 percent of agricultural workers lacked a basic education, and over 55 percent of them were past retirement age. The low wages and primitive forms of labor caused an unprecedented migration that depopulated hundreds of villages.

In giving priority to the agrarian reform, the SDS planned to complete it as soon as possible to avoid disrupting production and destabilizing the sector's financial position. If the measures had been carried out normally, during the last five or six years, the agricultural sector would have been completely restructured both as regards land ownership and the means of production and in its organization and production activities.

With the rich ecological potential on which Bulgarian agriculture is based, if the land reform, the development of private agriculture, and the formation of genuine cooperatives had not been blocked, our agriculture would have established itself as a prosperous sector of our economy.

Unfortunately, selfish political and economic interests succeeded in halting the reforms in agriculture. By utilizing their propaganda machine and exploiting the producers' difficulties in relation to equipment and finance, the BSP [Bulgarian Socialist Party] managed to send half of the agricultural producers back into the clutches of the Orsov labor collective farms. In doing this, it created a certain base for itself that it utilized in 1995 to revive many of its administrative techniques of the past. The old labor collective farms were not restored out of love for the peasants. They are the most convenient form for keeping the producers separated from the marketing of their produce and from managing

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receipts and spending the profits. They are the most convenient form by which those in power can give the orders and continue to rob the producer, as they did in the years of their own real socialism. For decades on end, the receipts from agriculture were redistributed to other sectors through prices, exports, turnover tax, insurance, and so on. At the same time, it was claimed that agriculture was receiving subsidies from the state. It would be merely irritating to recall these basic elements of the Bulgarian Communist Party's agrarian policy if they were not being repeated today and if they did not constitute the main reason for the grave production crisis and the chaos in the grain situation.

Everyone is well aware of the second important component of the BSP's failed policy, namely the falsehood and hypocrisy that the BSP has demonstrated in creating so-called protection prices and "substantial" aid grants from the Agriculture Fund. The grain purchasing prices imposed by the government were used to organize the greatest robbery of the Bulgarian grain producer. By exporting over a billion [as published] tons of grain, the companies involved in the operation deprived the producer of tens of billions of leva in net profits, while the Bulgarian consumer will pay over 37 billion leva extra for the import of much more expensive grain from abroad.

The government's declarations that it will fix a new fictitious "protection" price for grain of 10 to 15 leva per kilogram, which is half the market price, shows the haughtiness of those in government and their reluctant to change even one element of their iniquitous agrarian policy. On this basis, in the coming years agriculture will enter an even more serious crisis, while the Bulgarian consumer will be unable to buy either bread or meat for his family.

Bulgaria: Three Assembly Deputies Killed in Car Crash

AU1007161096 Sofia Khorizont Radio Network in Bulgarian 1500 GMT 10 Jul 96

[Report by correspondent Sevdelina Volkovska]

[FBIS Translated Text] We have just [illegible]ved a report that a few minutes ago Filip Bokov announced at a meeting in Veliko Turnovo that Georgi Pirinski [presidential candidate of the Bulgarian Socialist Party] would be unable to attend the ceremony marking the formation of the Together for Bulgaria Association. The reason was that a short time previously a parliamentary Mercedes had been involved in an accident in Lovech, in which three National Assembly deputies died: Emiliya Tomova of Vidin, Rumyana Nikolova of Gorna Oryakhovitsa, and Mariya Zakharieva of Gabrovo. Bokov said that the information had come from the Lovech Police Directorate.

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Czech Republic: Army Tender Remains 'Shrouded in Mystery'

AU1107173896 Prague MLADA FRONTA DNES in Czech 11 Jul 96 p 2

[Article by Jaroslav Kmenta: "The Contentious Tender for a Staff Information System Will Evidently Never Be Investigated"]

[FBIS Translated Text] Prague—The most contentious Army tender to date, the order for a staff information system worth almost 4 billion korunas, will evidently remain shrouded in mystery forever.

Almost four months after the suspicion arose that the tender had been manipulated, it has been revealed that the Defense Ministry was inconsistent in its investigation. Only the military secret service, which moreover does not want to make public all of its conclusions, has looked into the dubious tender that was also supposed to have been accompanied by corruption.

The Defense Ministry Inspectorate, which always deals with such cases and has already uncovered corruption once—in the tender for the Army's central heating system—was excluded from the investigation at the beginning of the case. It was only given the task of investigating the leak of information from the defense department that made its way into the media during the course of the tender. Its director, Colonel Zdenek Rusek, has refused to say why the inspectorate did not deal with the case. "I cannot comment on this," he said yesterday.

Even the military secret service has looked into the case only partly, and, furthermore, this was only at the suggestion of former First Deputy Defense Minister Petr Necas (Civic Democratic Party [ODS]). He submitted all of the documents on the tender to it in March to clear himself of the suspicion that he was the one who had manipulated it.

The Army's secret service, through the Defense Ministry's press department, yesterday limited itself to a terse statement that it has not uncovered any facts suggesting corruption or manipulation. "Military Defense Intelligence does not wish to divulge the details," said the ministry's press department yesterday.

The Army's secret service has thus also refused to provide any information on whether it has discovered the author of the anonymous letter that accused the Civic Democratic Party of influencing the Army tender. In the letter addressed to former Defense Minister Vilem Holan, the author, who used the pseudonym Bronislav Mertik, accused the ODS representative of influencing the tender in favor of the EDS computer company. It had come second in the tender. Petr Necas was supposed to have pushed for the cancellation of the entire tender so that the company received another chance.

In the end, the tender really was canceled, but Necas has denied that it was at his instigation.

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Slovakia: Kovac: Obstacles to NATO 'Self-Made'

AU1107135896 Bratislava SME in Slovak 11 Jul 96 p 1

[Interview with Slovak President Michal Kovac by Peter Toth; place and date not given: "Our Problems Are Self-Made"]

[FBIS Translated Text] After returning from Salzburg, President Michal Kovac conceded the possibility of granting a pardon to his son in the Technopol case.

[Toth] Do you not think that such a step would politicize the case even more?

[Kovac] I would do so only in the interest of justice and the protection rights of every citizen. The fact that my son is involved is secondary. I am against children of prominent figures having privileges. However, I cannot remain indifferent if someone should suffer because a political struggle is being waged in the country against the president and because someone has dragged my son and his family into this struggle. It is my duty to act justly toward everyone, without regard for whether a part of the public will accept the pertinent political or constitutional act with understanding or will condemn it. The important thing for me is to be convinced that I do not put anyone at a disadvantage and equally protect the interests of citizens, even if they happen to be the sons of prominent figures.

[Toth] What is your response to the words of Madeleine Albright, U.S. ambassador to the United Nations, who said during her visit to Slovakia [on 6 July] that Slovaks must not make excuses that the West does not understand them?

[Kovac] I have not met anywhere in the world a statesman prejudiced against the Slovak Republic. I have met people who are crossing their fingers for us and who regret it when negative information is coming from Slovakia. They wish us well and want to help us. That is also the attitude of the U.S. Administration as interpreted by Mrs. Albright. Our problems and obstacles to remaining in the first group of countries that will have a chance to integrate into NATO and, later, the EU are self-made.

[Toth] Do you think that there is a realistic chance of the Slovak Republic being integrated into NATO within the framework of the first group of central European states?

[Kovac] Yes, I do. It depends on whether the ruling coalition will immediately start sending out positive signals by setting right all the deformations that occurred in our country in the night from 3 to 4 November 1994 and continued until recently. The repeated approval of the law on foundations or the law on territorial and administrative arrangement of the Slovak Republic, despite serious objections of the opposition, is not a positive signal. A positive signal would be if the political culture changed. It is necessary to listen also to the voice of the minority, the opposition, the nonparliamentary parties, and the third sector [nongovernmental organizations]. If their opinion is repeatedly ignored, it is difficult to persuade foreign countries that the political culture in Slovakia is changing.

Slovakia: Russians Training SIS Officers in Bratislava

AU1107184796 Bratislava SME in Slovak 11 Jul 96 p 1

[Article by "(pt)": "Russian Experts Have Been Training SIS Officers in Bratislava"]

[FBIS Translated Text] Bratislava—Russian intelligence officers made a working visit to Bratislava this week to train specialists from the Slovak Information Service [SIS]. This is one of the events organized within the framework of the cooperation between the SIS and Russia's Foreign Intelligence Service. Three months ago a select group of SIS officers attended a short-term course of studies in Moscow, where the Slovak secret service has its only officially declared representative abroad. Diplomats from NATO states are expressing alarm at the ever closer cooperation between the SIS and the Russian intelligence services. According to them, the SIS director was not invited to the regular conference of the heads of the Visegrad Four's [Slovakia, Czech Republic, Hungary, Poland] intelligence services, which was held in Slovenia last month, despite personal intervention by the director of SIS intelligence, Rudolf Z., who turned to the director of the Slovene Intelligence and Security Service (SOVA). The reason for Lexa's enforced absence was the fact that he is suspected of being personally responsible for the kidnapping of M. Kovac Jr. According to Viennese diplomatic circles, Western intelligence services have subjected the recording of the Lexa-Hudek telephone conversation to their own expert analysis. According to the experts, they have confirmed the authenticity of this recording, which testifies to the responsibility of the SIS director and the interior minister for thwarting the investigation into the M. Kovac Jr. kidnapping. The aforementioned diplomatic sources have expressed the view that the majority of Western intelligence services are reassessing their contacts with the SIS. They cite as one of the reasons the fact that the policy of V. Meciar's government is not oriented toward the Slovak Republic's integration with the western European security and economic structures, but toward close ties with Moscow and its interests in Central Europe.

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[On the same page SME carries a photograph of the villa in which the Russian intelligence officers stayed, accompanied by the following caption: "The delegation of Russian intelligence specialists that trained the SIS officers was housed in this facility in Bratislava's Holubyho Street. In reply to a question on when the Russian intelligence officers were flying back to Moscow, the guard on duty at the facility said: 'I cannot tell you.' In this connection, we also turned to the SIS spokesman. He was not at his workplace, however, and had switched on the answering machine."]

Slovakia: Radio Staff on Colleagues' 'Political' Dismissals

AU1107172296 Bratislava NARODNA OBRODA in Slovak 11 Jul 96 p 2

["Statement by the Slovak Radio Editorial Board on Some Personnel Decisions of the Slovak Radio Management"; place and date of issue not given]

[FBIS Translated Text] In its activity so far, the Slovak Radio Editorial Board has dealt primarily with two personnel matters:

1. The dismissal of K. Skvarkova from her post as managing editor in response to her editing of I. Strpka's "Living Words" program dedicated to the sixth anniversary of November '89.

2. The immediate termination of the contract of employment with Dr. M. Berko, with the explanation that he "violated labor discipline in a particularly gross manner" when, while quoting a report from an Austrian source, he omitted the word "former" when referring to Slovak Information Service [SIS] members who gave a news conference there.

The Editorial Board stated with regard to both cases that the sanctions were incommensurate and had an evidently political connotation [podtext]. At the same time it voiced the fear that the course of action against M. Berko, in particular, creates a dangerous and easy-to-misuse precedent for the immediate termination of the contract of employment with any editor who commits a similar minor mistake, such as the omission of a word, and the like. The Editorial Board therefore sent a letter to the central director of Slovak Radio, in which it demanded that he cancel without delay the decision on the immediate dismissal of M. Berko, citing Chapter III, Article 10 of the "Slovak Radio Editor's Statutes," which reads: "The editor has the right to his direct supervisor and publisher making use of all legal and available means for his protection." In the opinion of the Editorial Board, the exact opposite happened.

At its meeting on 4 July the Editorial Board noted with regret that the central director and the Slovak Radio Council, to which the Editorial Board also appealed, chose the tactics of the "dead beetle" and did not react to the Editorial Board's written notifications and appeals. Thereby they showed contempt for a legitimate, elected body of Slovak Radio's editorial community, which runs counter to the spirit and letter of the "Slovak Radio Editor's Statutes," which the Slovak Radio management had itself approved. In the spirit of its own statutes, the Editorial Board therefore once again expresses its disagreement with the Slovak Radio management's course of action in both cases, and publicly calls upon the central director to revise those decisions.

The Slovak Radio Editorial Board is a 15-member body elected by Slovak Radio editors. It was established in December 1995. Similar boards exist also in the Austrian ORF or in the British BBC. Slovak Radio's Editorial Board is the only one in postcommunist countries.

[Signed] The Slovak Radio Editorial Board: Frantisek Valabek (chairman), Jan Baranek, Hana Beranova, Ali Brezovsky, Adriana Domanska, Tamara Chlebova, Eva Chudinova, Ladislav Kubis, Ladislav Lukac, Eva Mravcova, and Ivica Ruttkayova.

Slovakia: HZDS Deputy Views 'Alarming Signal' From Hungary

AU1107182696 Bratislava SLOVENSKA REPUBLIKA in Slovak 11 Jul 96 p 3

[Interview with Jan Cuper, deputy for the Movement for a Democratic Slovakia, HZDS, by Peter Valo; place and date not given: "Hungarian Government Yielded to the Pressure of the Most Militant Forces"]

[FBIS Translated Text] The Budapest statement [of 5 July, issued at the close of the "Hungary and Hungarians Abroad" conference] has stirred up the calm waters in a number of countries, because it was from a conference of Hungarian Government and political representatives, attended also by ethnic Hungarians from abroad, and because the statement was also endorsed by the Hungarian Government. What does Docent Jan Cuper think about this?

[Cuper] The statement showed that in signing it, Horn's relatively liberal government yielded to the pressure of the most militant forces and to the pressure of minority leaders such as Duray. After the unsuccessful attempts to move the borders with the help of the so-called Euroregions, the [Hungarian] policy of expansion now continues through fifth columns in the neighboring states. On the one hand, the Hungarian Government is sending to the world flowery words about good-neighborly

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relations, and on the other hand it signed the statement of 4-5 July. Thereby it showed the world its true face. This means that it will openly support the abuse of Hungarian minorities in the neighboring countries for the enforcement of autonomist aims. At the same time, this proclaimed autonomy is just a temporary solution. In its ultimate consequence, it means the undermining of the territorial integrity of Romania, Ukraine, Slovakia, Yugoslavia, Croatia, and, in the final analysis, also Austria. The Budapest statement should be a signal for the governments of these states to jointly resist the Budapest irredentism. The autonomist aspirations pay no heed to the situation in which the populations of the majority non-Hungarian nations would find themselves on their own territories. Gradually the non-Hungarian populations would find themselves more or less under direct Hungarian hegemony.

[Valo] What does that mean in our conditions?

[Cuper] It is an alarming signal requiring the cooperation of all parliamentary parties.

[Valo] What are the specific risks arising from individual points of the Budapest statement?

[Cuper] Point 5 implies that, if Hungary joined NATO ahead of Slovakia, for example, it could effectively obstruct our admission and blackmail our government through representatives of the minorities. The ratification process for admission into NATO is such that the decision is not made by NATO as an institution but by the parliaments of individual member states.

[Valo] In other words, the aim is the restoration of Greater Hungary in its pre-1918 shape. What role does Budapest want to ascribe to the European structures?

[Cuper] This role is determined, in a covert form, in point four, in which European and Euroatlantic NATO and EU structures are to be misused to give Hungarians in and outside Hungary the chance to find a way to one another. Representatives of institutions and groups that directly or indirectly support the Pan-Hungarian aspirations should realize this. The historical experience is bad. One integrative structure, the Community of Nations, had been misused before to enforce irredentist interests. This is what rendered it unfunctional and led to its extinction.

Slovakia: Kovac Discusses Relations With Budapest

LD1107230196 Bratislava STV 1 Television Network in Slovak 1730 GMT 11 Jul 96

[FBIS Translated Excerpt] We have asked Slovak President Michal Kovac to comment on the conference on Hungary and Hungarians beyond the borders [held in Budapest on 4-5 July].

[Begin recording] [Unidentified correspondent] Mr. President, what will be, in your view, the impact of the declaration adopted by the conference on relations between the Slovak Republic and the Hungarian Republic?

[Kovac] First of all, I would like to say that I am very alarmed by the fact that the participants in the conference on Hungary and Hungarians beyond the borders are linking the development of the Hungarians' identity and their survival on non-Hungarian territory with autonomy and a special legal standing for Hungarians.

I think that this is contradicted by reality, as in my view the real survival of any minority and the development of its identity are closely linked with the development of democracy and the guaranteeing of individual human rights. In this context securing autonomy will never be the fundamental precondition described as such by points three and five of the joint resolution.

I do not think it was a good step [to adopt the resolution]. It is a step provoking distrust between our two states, the Hungarian Republic and Slovakia. In fact this step is also provoking a certain alarm inside our country, weakening good coexistence between Hungarians and Slovaks.

We must not forget that many Slovaks live in the mixed territory. It is inconceivable for us to have anyone's rights extended at the expense of the rights of the Slovaks.

I think that similar resolutions and similar steps should be avoided in the future. Only steps building trust, friendship, and good cooperation between our countries should be taken. At the same time this would provide a good basis for strengthening good coexistence between Hungarians and Slovaks in our southern territory. I will try to convey this view to Hungarian President Arpad Goncz, either when we meet next, or by writing to him. [passage omitted] [end recording]

Slovakia: KSU Demands Disbanding of Ethnic Hungarian Parties

AU1107161896 Bratislava PRAVDA in Slovak 11 Jul 96 p 2

[TASR Report: "Christian Social Union Supports Banning the Activity of Coexistence, the Hungarian Christian Democratic Movement, and the Hungarian Civic Party"]

[FBIS Translated Text] Bratislava—"We resolutely reject Hungarian Republic representatives' interference in the internal affairs of Slovakia, as expressed in the joint declaration by the participants in the conference

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'Hungary and Hungarians Living Abroad,'" stresses a Christian Social Union [KSU] statement issued by KSU Chairman Viliam Oberhauser yesterday. The statement points out that the declaration was also endorsed by representatives of three political parties operating in the Slovak Republic: Coexistence, the Hungarian Christian Democratic Movement, and the Hungarian Civic Party. "As these parties' representatives have repeatedly come forward in a way that jeopardizes the Slovak Republic and its citizens, the KSU will submit to the General Prosecutor's Office of the Slovak Republic the proposal to disband those parties and prohibit them from carrying out any activity because of systematic violation of the Constitution and laws of the Slovak Republic and because of activity endangering public order and the rights and freedoms of citizens," the KSU said in its statement.

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Hungary: Hungarian Group in Slovakia Against Autonomy Moves

LD1107102796 Bratislava Slovak Radio Network in Hungarian 1530 GMT 10 Jul 96

[FBIS Translated Text] Leaders of the Hungarian People's Movement for Reconciliation and Prosperity [MLHZP] gave a news conference in which they expressed their opinion about the Hungarian-Hungarian summit [between representatives of the Hungarian Government, Hungarian parliamentary parties, and ethnic Hungarian organizations abroad] which was held at the weekend. Erzsebet Mea reports:

[Mea] The MLHZP was not invited to attend last week's conference held by representatives of the Hungarian government, Hungarian parliamentary parties, and Hungarians abroad. This shows that there is continued disregard for the movement, said Gyorgy Gyimesi, the movement's chairman, speaking to journalists. His movement thinks that the meeting was not a fortunate step and may lead to a worsening in Slovak-Hungarian relations.

Regarding the joint statement approved by the conference, Gyimesi said that his movement condemns [elitel] the idea of autonomy and rejects any step toward separatism. The chairman objected to widespread efforts to conceal the movement's achievements. Very few people know that the movement has a foundation called Reconciliation. He said that despite its serious financial problems, Csemadok [ethnic Hungarian cultural organization in Slovakia] regularly rejected money offered to them by the foundation.

The movement's representatives also said that unemployment, outdated machinery, low wages, low profitability, and the indebtedness of agricultural cooperatives were the most serious agricultural problems in southern Slovakia.

The movement received with satisfaction the news that an increase in the price of bread has been prevented, although for a short period, by releasing grain from the state reserves on to the market. The movement expects further effective state measures to solve the serious problems.

Hungary: Horn Views Coalition Activity, Integration

AU1207092596 Budapest NEPSZABADSAG in Hungarian 11 Jul 96 p 9

[Interview with Prime Minister Gyula Horn by Peter Vajda in Budapest on 10 July: "We Want To Maintain the Coalition"]

[FBIS Translated Text] [Vajda] At the end of the latest session of parliament that decided to scrap the proposal to modify the statute, you said that the coalition should be revised in view of the latest events. Has this rethinking taken place and what are the results? Can we expect a smoother coalition in the second part of its term?

[Horn] In my opinion, we would be deluding ourselves if we expected a smoother coalition in the second half of its term. Coalition debates will continue. We must, however, rethink the type of attitude displayed by the two coalition partners. In my view, throwing labels without arguments is unacceptable, and so is the lack of solidarity in parliament. Things that happen at the parliamentary vote on certain laws do not characterize a coalition, namely when one partner confronts the other. We will have to try to clarify these issues with our coalition partner sometime this summer; it belongs here that the vote on the House statute caused a serious shock to the deputies of the Hungarian Socialist Party [MSZP] and the final result had a detrimental effect on both the government members of the Alliance of Free Democrats [SZDSZ] and the MSZP members, as well as on the entire parliamentary activity....

[Vajda] But the debate on the House statute was preceded by the debate on the Constitution....

[Horn] The constitution concept affair is another issue. We agree with the SZDSZ that this is not the constitution concept desired by the two partners; there was full agreement on this. We did not agree with the tactics according to which the opposition will not vote in favor of the constitution modification.... Our position was that the concept prepared by the preparatory committee needs radical change. It does not fulfill the requirements of the European Union and it is not in harmony with the stipulations of the government program and the social-democratic values. We want to show that basic modifications are needed in all these three areas. The coming months will tell whether there are chances to carry this out.

As for the future of the coalition, we must try to agree on the basic issues, and I hope we will succeed in doing this. We want to maintain the coalition, but we must stipulate certain things, like attitudes and ethical rules in relations between the two coalition partners.

[Vajda] How do you intend to carry out this clarification with the SZDSZ? In what form?

[Horn] Let me think about it; as far as I know, the SZDSZ leadership plans as well to meet with us in August to try to clarify things.

[Vajda] You have also called it a paradox that a leftist government must direct the creation of a market

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economy. Could this lead to a possible halt on leftist or social-democratic values?

[Horn] First of all, we cannot assert solidarity or accept any task connected with any other social sensitivity without placing the entire economic system on an adequate course. Indeed, there can only be social solidarity based on performance. Secondly, we could do a lot of things that ease the current transitional situation, the living problems of the poorest people and the people most in need. Self-government bodies, as well as civilian and nongovernmental organizations [NGO] have a lot to do here. There are a lot of tasks in the so-called microsphere, like the housing program for Gypsies or the reconstruction of apartment buildings.

Little has been done in these areas in the past two years although, previously, the MSZP did much to ease the situation of people most in need. This is why we urge NGO's to play a role in the constitution too, because this is the basis of a social market economy. This is strongly related to the everyday living conditions of the population, be it the price of bread or the price of energy. At the cabinet meeting on 11 July, for example, we will examine the implementation of the public-sphere agreement, because wages in this sphere did not develop in accordance with the stipulations of the agreement. While the situation was better in the real sphere, wages increased very little in the public sphere in the first five months of this year.

[Vajda] In connection with the aforementioned bread prices, is it wise on the part of the government to declare that the price of bread cannot exceed 100 forints [Ft]? By doing this, the government nevertheless almost takes responsibility if the price of bread exceeds this limit.

[Horn] I would like to slightly rectify this. I said that there is no justification to increase the price of bread to Ft100, and all the data and facts at our disposal show that there is indeed no justification for this. We have two choices. One is to keep silent and accept the fact that prices are shooting skywards, and it is not the government that does this, because bread is not under price control. The question is whether the government can remain silent when nothing justifies such an increase in the price of bread. Wheat prices have not gone up since January this year and there is a ban on the export of wheat, while the increase in energy prices only makes up Ft2 in the price of a kilogram of bread. We are talking about something else here: many E-credits were given to bakeries and other enterprises in the previous cycle; the repayment of these credits is now due and this is why they want to increase prices. In addition, some of them threatened the population with the possibility of further price increases.... The government must take into account its interference opportunities in a special situation. The situation is special because prices generally go down in areas where there is surplus offer. In the case of bread, there is surplus offer, but the prices are going up. This is why we must examine the situation, including the bakeries, by taking into account that tomorrow it may be a milk, meat, or egg affair.

[Vajda] You mentioned a process according to which the opposition is becoming "torgyanized" [reference to Independent Smallholders' Party Chairman Jozsef Torgyan]. What does this mean? Regarding Mr. Torgyan, what is your opinion on the attacks against you in connection with the house you are building for your family?

[Horn] Under the term "torgyanization" I mean obstruction, rough style, and "communist-label" attacks. I find it difficult to overcome all this, although I had the time to get used to them during the past six and a half years that I have been MSZP chairman. There were similar attacks against me in the previous government cycle too. Speaking about the previous government cycle, I would like to mention the fact that we were much more tolerant in parliament toward the then-prime minister. There is hardly a parliamentary day now without the opposition harshly attacking not only the government activity but also Hungary's situation. For example, in the midterm evaluation, I read that the flow of foreign capital into Hungary has stopped. One can say things like that, but this has absolutely nothing to do with reality. Facts prove the opposite.

As for the other part of your question, I continue to wear a bullet-proof jacket, because the opposition is directing all the fire against me. In addition to the statements I have already made, I do not intend to react to this because I do not see any sense in doing so. If anyone wants to start an investigation, he can do so, I am ready. What I did was absolutely legal. When I moved into the government residence—and this was not my decision—I left two apartments empty; we sold these two apartments and we started building our house from the money we received and from the family savings. It is a question of principle for me whether I can start building a house from my own savings after 42 years of work, including three decades of diplomatic and international activity, a house that is not at all a luxury villa. Its value is one-third of what UJ MAGYARORSZAG claimed. It makes me ponder that this was written by a newspaper that has been continuously attacking me for the last six years, a newspaper whose request to receive budget support was rejected by me in February. The owner of this newspaper is a big firm and there is an investigation under way against this firm on a multibillion criminal case.

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[Vajda] There are several signs that, within the MSZP, a group is gaining power that we could even call as the group of less "reformers." Could the influence of this group increase over the next two years? Could this also threaten the coalition?

[Horn] There is such a danger. There have been various opinions and trends in the MSZP since its inception, and I remember that, before the congress held at the end of March, the opinion according to which a break is to be expected increased. However, the congress voted in favor of supporting the government with a majority of 90 percent. The socialist faction practically supports every government proposal with an overwhelming majority. The MSZP is still characterized by this trend. This is how we could decide on retirement age and on the road to be followed in health care. The clarifying debates within the party play a decisive role in this, because deputies no longer vote in favor of something just because the government asks them to do so. Not a single deputy left the faction in the past two years. Of course, there are no guarantees that one or two deputies might leave the faction in the future. Today, however, the situation is that the MSZP and the overwhelming majority of its group in parliament firmly supports the decision to stick to what we have decided.

[Vajda] Finally, a foreign policy question. Coming back from Salzburg, how do you evaluate our integration chances?

[Horn] The process of our joining the NATO is irreversible; they also confirmed in Salzburg that we have now reached the phase of predictability and planning. At the same time, as I have already said, society is paying a big price for restructuring, stability, and the fulfillment of international requirements. The societies of the countries in this region accepted more in seven years than what the West carried out in 15-20 years. In other words, restructuring is faster and deeper here than what the West lived through after World War II. In such a situation, we must also formulate our own demands toward the EU and NATO. Today, the EU does not have a comprehensive concept on the type of support they should provide to the countries that have a chance of joining the organization.

[Vajda] Did you mention all this to the Western leaders?

[Horn] Yes, I did. I think that they should also evaluate the fact that the expansion will also have political and economic advantages for them. In Hungary's case, they should evaluate the fact that this is a country that is consistently advancing on the road of reform and change, while deficit and foreign trade deficit are increasing at a tremendous and unexpected pace in some "success countries."

Hungary: Trade Ministry Official Assesses Achievements

AU1007110396 Budapest UJ MAGYARORSZAG in Hungarian 9 Jul 96 p 7

[Correspondent's report on interview with Attila Karoly Soos, political state secretary at the Hungarian Industry and Trade Ministry; place and date not given: "The Percentage of Hungary's Exports to Former Soviet Countries Continues To Stagnate"]

[FBIS Translated Text] Attila Karoly Soos told us that foreign economy, industry—including technological development—and tourism are the three important areas of responsibility of the Industry and Trade Ministry [IKM]. It is forecast that this year's foreign trade deficit will be less than $2 billion. According to Soos, the IKM achieved this foreign trade balance improvement by realizing a 21.5 percent increase in the dollar value of our exports in 1995. Also, Soos noted, based on this year's data, thanks to the improved foreign trade balance based on the increase in exports, our exports increased at an optimal pace in the first five months of 1996. Regarding the territorial division of our exports, EU member states have become Hungary's major trade partners: the focus of our foreign trade had shifted to these countries earlier.

We succeeded in achieving a considerable increase in exports to other groups of countries as well in the past year, and this placed our foreign economy on multiple levels. [sentence as published] Hungarian exports to developing countries increased by 20 percent in 1995. Soos pointed out that developing our trade with former socialist countries was one of the important elements of the government program. With regard to the countries of the former Soviet Union, the world was wrong in hoping for a positive growth rate in 1995. The IKM based its concept on the weight of the former Soviet Union increasing in Hungarian exports. Although this did not happen, Hungarian-Russian trade did not decrease either. On the other hand, the percentage of Hungarian trade with the other former Soviet republics increased to such an extent that it counterbalanced the drop in our trade with Russia. Among the former socialist countries, Hungary best maintained its presence in the market of Russia.

Soos pointed out that the weight of the other non-Soviet former socialist countries—CEFTA [Central European Free Trade Association] members and candidates—increased more than the average in our foreign trade. The fact that the percentage of the aforementioned group of countries in overall Hungarian exports increased from 10.5 percent to 13.1 percent in the course of one year shows this. Among the IKM's export development steps

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coordinated with government programs, Soos mentioned the creation of a uniform economic development fund and the increase in the role played in manufacturing exportable products, as well as the creation of Eximbank and the Mehib financing at the end of the previous government cycle. Agricultural exports increased from $2.4 billion to $3 billion in one year. The relevant financial and other measures played a considerable role in achieving this result.

In the area of industrial policy, as a result of the stabilization measures, the rapid growth registered in 1994 slowed in 1995, yet remained at the level of 4.8 percent, a considerable level according to Soos. According to preliminary expectations, production growth will again reach 2-4 percent this year and—in times of measures demanding a considerable limitation on domestic demand—this can be regarded as a favorable result, Soos pointed out.

Productivity stood at 11 percent in 1995 and, according to the statistics of the first quarter of 1996, it has increased by 9 percent more. The restructuring of Hungarian industry continued with the help of foreign capital. From the viewpoint of Hungarian industrial policy, Soos regarded as a serious achievement the fact that, apart from the expansive energy privatization, the annual inflow of foreign capital reached $1.5 billion. The $3 billion accumulated from the privatization of the energy sector in 1995 will play a considerable role in modernizing the industrial sector and in economic growth. However, the aforementioned flow of smaller but nevertheless important foreign capital investments mostly arriving in the form of greenfield investments also affect restructuring. In the case of large-scale enterprises, it is important that we succeeded to maintain them under more favorable conditions than had been previously, by means of privatization and industrial policy measures. Thus, no bankruptcy procedures were instituted against large-scale enterprises, except for the Ikarus Company whose future seems to be under consideration now.

Regarding tourism, Soos told us that the government-registered hard currency income in the first months of 1996 was 1.5 times higher than the figure two years ago. On an annual level, this means $2 billion hard currency income this year, but income from tourism that cannot be centrally registered could reach double this figure. The Industry Ministry hopes for further increase in tourism as a result of the series of events connected with Hungary '96 program.

The recent restrictive government measures had a more negative impact on small and medium-size businesses than on large-scale enterprises. As the government is not striving for further restrictive measures, the situation of small-scale enterprises might also improve. Soos declared that the government had taken favorable tax policy measures. In addition to introducing the flat-rate tax and preparing to reduce the profit tax, the government is striving to improve the situation of individual entrepreneurs by means of law modifications. Soos drew the attention to favorable credit arrangements, such as support for reducing the interest on small and medium-size entrepreneurs' credits and to the fact that small and medium-size enterprises can take favorable credits in the framework of the processing industry restructuring program. Thus, the government hopes for the stabilization of this sector and an increase in the percentage of medium-size enterprises.

Finally, Soos welcomed Hungary's OECD membership. This is an important step on the road to Hungary's EU membership.

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B-H: B-H, Croatian, U.S. Delegations Discuss Aid

AU1107162896 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 11 Jul 96

[Report by Nada al Issa—recorded]

[FBIS Translated Text] Today in Dubrovnik talks are being held between government delegations of the United States, Croatia, and Bosnia-Herzegovina, focusing on U.S. aid for the postwar reconstruction of Bosnia-Herzegovina and Croatia. The delegations are headed by U.S. Commerce Secretary Mickey Kantor and the prime ministers of Bosnia-Herzegovina and Croatia, Hasan Muratovic and Zlatko Matesa respectively. Officials in all three delegations point out that this gives new impetus to the implementation of the Dayton accord. BH PRESS correspondent Nada al Issa reports from Dubrovnik.

[Al Issa] Today's talks in Dubrovnik are a continuation of the mission undertaken by late U.S. Commerce Secretary Ron Brown who, as is known, was killed in a plane crash near Dubrovnik. The purpose of today's meeting is to discuss U.S. assistance in the postwar reconstruction of Bosnia-Herzegovina and Croatia. The U.S. Government has already approved $86 million in aid to Bosnia-Herzegovina for the reconstruction of systems for supplying power, water, and natural gas, and for the purchase of medical equipment. As we have learned today, America will earmark an additional $600 million for Bosnia-Herzegovina, to be invested in the reconstruction of housing facilities and communications, and partly used for financing loans to smaller business firms. Both the U.S. and the Bosnian delegations emphasize that this is an incentive to the peace process in Bosnia-Herzegovina, in accordance with the Dayton agreement. Therefore, the Clinton administration will be developing as good trade relations, business exchanges, and investment programs as possible in both Bosnia-Herzegovina and Croatia.

Commerce Secretary Kantor is today holding separate talks with the delegations of Bosnia-Herzegovina and Croatia, while this evening a tripartite meeting will be held at which, according to expectations, an agreement will be signed on an understanding between the three states. The U.S. delegation has a very high profile: In addition to Kantor, there are representatives from 16 leading American companies engaged in telecommunications, energy resources, finances, and infrastructure development. According to the plan, the U.S. delegations will depart Dubrovnik early tomorrow morning for Sarajevo. In Dubrovnik, separate talks between the delegations of Bosnia-Herzegovina and Croatia will be held today as well, at which a protocol on visas will be discussed, as Kasim Trnka, ambassador of Bosnia-Herzegovina to Croatia and member of our delegation, told us. The protocol is supposed to contribute to the permanent liberalization of the so-called visa regime between the two states, which actually means that the protocol should enable the Bosnia-Herzegovina refugees coming from the Serb entity to obtain a transit visa through Croatia without problems, which so far has not been the case.

B-H: Izetbegovic Interviewed on Developments

LD1107180496 Sarajevo Televizija Bosne i Hercegovine in Serbo-Croatian 1900 GMT 10 Jul 96

[Interview with President of Bosnia-Herzegovina Alija Izetbegovic by Belmin Karamehmedovic; place and date not given—recorded]

[Karamehmedovic] Mr. Izetbegovic, good evening and thank you for accepting this invitation to talk to us.

There have been a lot of questions and events recently in Bosnia-Herzegovina which deserve great attention both amongst the public here and to a large extent abroad. I suggest that we start with the implementation of the Dayton peace agreement. We know that it has been implemented for six months now, and we have now—if I may use the terminology of sport—started the second half in terms of implementing the Dayton Agreement.

The general view is that the implementation of the military part of the agreement has on the whole been implemented properly, but the problem has been with the implementation of the civilian aspects of the agreement. How do you assess the first six months of Dayton?

[Izetbegovic] You have, in fact, given the answer to this in your question. The Dayton Agreement and its implementation is an unavoidable subject, and it cannot be avoided in any interview, although there are of course many other topical subjects which could be discussed.

As regards the implementation of Dayton, I would say that the military aspect has been fulfilled beyond expectations, and that there has been failure on political issues, and this has been below expectations. We expected some difficulties in implementing the civilian part. However, the degree to which it has been realized is below all expectations, to be precise. In a word, there has been an imbalance in the implementation of the two aspects.

[Karamehmedovic] One of the key things both for the second part of the implementation of the Dayton Agreement and—we can state this freely—for the future of Bosnia-Herzegovina is the elections which are scheduled for 14 September 1996. The world has exerted a certain amount of pressure to ensure that the elections

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are held at this agreed time, despite the fact that many conditions for holding them have not been fulfilled. Do you expect the situation in this area to improve over the next couple of months or so.

[Izetbegovic] You would have to be a great optimist to expect such a thing. I do not expect any major changes. Conditions will probably not change significantly for the better—unless there is a surprising change. However, the elections will be held. This decision has been taken, and I believe that all the parties have accepted this fact.

I also want to say, conditionally, that at the end of August, let us say, the parties may decide to boycott the elections.

As far as the Government of Bosnia-Herzegovina is concerned, it will work on preparing the elections so as to ensure that the elections are held as they should be, but even a cursory glance at Bosnia-Herzegovina and the current situation shows that there is no freedom of movement, which is one of the conditions for holding the elections; there is no freedom of political activity; there is no freedom of the media in that part of Bosnia controlled by the Serb army, and unfortunately also in the part controlled by the HVO [Bosnian Croat forces].

There is no freedom of political activity. I receive complaints on this from some parties which operate in the federation, but I cannot do very much about this. Perhaps things will be able to change here a little. And of course, we have not had a return of refugees, but here, in further talks with the electoral commission... [pauses] We fear that the main stumbling block of the elections could be this issue. It is not merely that the refugees have not returned. This was expected, or at least some of them were expected not to return. The problem is that most of them have not been registered because a large number of people, [words indistinct] about 1.5 million people, have not stayed where they have been listed as residing on the electoral register in 1990.

According to the rules, they ought to be reregistered so that they know where they should vote, etc. So over one million people have to do this. According to present data, not even five percent of these people have done this yet, and that is why it was decided to extend the deadline for registration.

This is perhaps an opportunity for me to warn our voters in Bosnia-Herzegovina who have changed their place of residence, to register. Those who have not changed their place of residence should check to see that they are on the electoral list. This is so that we avoid the situation we had in Mostar where over 1,000 people came from all parts of the world, only for it to be established when they arrived that they were not on the electoral list. Hundreds of thousands of people could now face the same situation.

[Karamehmedovic] You mentioned Mostar. According to many people, the local elections in Mostar were some kind of general test ahead of the September elections in the whole state. How do view the Mostar elections in this context?

[Izetbegovic] I do not know the extent to which everything can be compared. Mostar is a somewhat simpler situation than in the whole of Bosnia-Herzegovina. In Mostar, you have part of Mostar controlled by the army and part controlled by the HVO [Croatian Defense Council]. It is always easier to reach agreement when you have two sides, but here you have three sides. The holding of the elections in the area controlled by Karadzic's Serbs should also be ensured. So the situation is more complicated, although there are some specific features,

A certain, a certain freedom of political activity, at least for Serb parties, has been achieved in the area controlled by the Serb side, while over here in the area controlled by the HVO, it seems—this is a little paradoxical—that there is less freedom of political activity, even for Croat parties, let alone for other opposition parties.

This greatly complicates the situation and brings into question the basic aim that the elections should be fair and free. They will not be fair and free, but I believe that despite everything, they will be held.

[Karamehmedovic] One of the key obstacles to the establishment of normal conditions for the elections—and this is even envisaged by the Dayton peace Agreement—is the presence of suspected war criminals and their possible participation in the elections. We have seen great pressure exerted recently to ensure that Radovan Karadzic, who has been accused of war crimes, be removed from the public scene, and the world has to some extent succeeded here. He has formally withdrawn from the elections. However, naturally, this is not enough, and the view of some people abroad is that his place is in the Hague. How do you view this?

[Izetbegovic] I believe the main issue is that the world should continue to be consistent here. We have had bad experiences with the world in this respect. We have been constantly exposed to surprises—very often unpleasant surprises. The only consistent solution would of course be the arrest of Karadzic, Mladic, and the others, and they should be tried. Something has been achieved but it is insufficient, in view of the fact that Karadzic has been forced to withdraw as president of the Serb entity.

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However, his continued presence as chairman of the party [Serb Democratic Party—SDS] is quite impermissible, and we believe that if this happens [as heard] the elections will be irregular. A party which is led by a war criminal cannot go into the elections. That is our standpoint. Fortunately, this is also the standpoint of some other relevant people, including Mr. Frowick [head of OSCE mission in Bosnia] and the U.S. support in this area [as heard]. However, we should insist on this because they are prone to vacillation.

I maintain that one of the key reasons for a possible boycott of the elections would be if the SDS were to take part in the elections led by a war criminal.

[Karamehmedovic] You have mentioned the creation of a democratic atmosphere in areas under the control of the Serb entity and the HVO. How can we assess the democratic atmosphere in areas under the control of the Bosnia-Herzegovina Army? In the past few days, we have seen the political parties slowly gathering momentum. The official start of pre-election activities is 14 July. It would be useful to hear your opinion on how to assess the democratic atmosphere before the official start.

[Izetbegovic] Speaking about freedom of the media, you should know better than me what the position is with the main medium of Bosnia-Herzegovina, television. You know that the editor in chief of the television is not a member of the ruling party [Party of Democratic Action—SDA]. I don't know if he belongs to any other party, but the editor in chief of the main medium is not a member of the party. I don't think you are either. I think a vast majority of people out there are not members of any party.

As far as the Bosnia-Herzegovina Television is concerned, it is a public service, not under party control despite what many are saying. Strange things happen sometimes: a man from the opposition—I witnessed this the other day—forgets that he is appearing on Sarajevo Television and speaks about lack of freedom of this medium, i.e., that it is under a strong influence, although he is from the opposition and is saying things which the opposition usually says against the government and the ruling party, not fearing any consequences, of course. He forgets he is appearing on that medium.

You know that there are over 100 newspapers in Bosnia-Herzegovina. I think there are some 15 registered political parties, I am not sure about the precise figure. No one hampers their work. They sometimes feel they are restricted due to poor support. Sometimes they turn this poor support into a feeling of restriction. There are restricting factors, of course, but they are not political. They refer to a bigger or smaller number of supporters among the voters. I maintain that none of the parties in Bosnia-Herzegovina which are sincere can say that they are seriously restricted in the part under the control of the army and the legitimate government.

Of course, I am not saying that the situation is perfect or that it can be perfect after such a heavy and tragic war and all the confrontations which accompanied it, as well as strong emotions, fear, suspicion, lack of trust, etc. You must admit that the rallies of these parties—i.e., opposition parties—proceeded in most cases without any problems. There was an incident in Cazin which should certainly be condemned. But it was an isolated case. Measures have been taken against the culprits and Silajdzic's party did not have any problems either before or after this incident.

Speaking about morale in the area under the control of legitimate authorities, I can say that it is within normal, as far as we can assess it after all this and taking into account the actual situation.

For those who are not aware of it, there are about 40 independent radio and Television stations working in Bosnia-Herzegovina. Some were facing closure because of lawsuits, problems with ownership, etc. They were required to close down if they lost a lawsuit, but we never pursued this, aware of possible wrong interpretations. We tolerated certain things which we still tolerate. We wouldn't like to take any measures against the media, even measures that are not political by nature.

[Karamehmedovic] There are many people in the country who believe that a large number of parties in the [Croat-Muslim] federation will, to a large extent, receive votes from the Bosniak [Muslim] national group. Many believe that this, in some way, fractures the unity of the Bosniak people. Of course, on the other hand, there are opinions that a democratic atmosphere is more useful than anything else. What is your view?

[Izetbegovic] Yes, the issue here is whether something is useful or damaging for the Bosniak people. The existence of all these parties and their activities can be both very useful and very damaging for the Bosniak people. Since the majority of them insist on their civic, multiethnic character, which is, of course, of a formal nature only, it would be very useful if they were to gain a foothold in the areas under the control of Serb authorities, specifically in Banja Luka, Bijeljina, Prijedor, etc, or in [Croat-controlled] Grude, Livno, etc. In that case, their activity could be very useful for Bosnia and, by implication, for the Bosniak people.

However, since they operate mainly in the territory under the control of the legal authorities and since they have failed to secure a presence in the other entities in

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Bosnia-Herzegovina, I think that they are, in fact, very damaging to the Bosniak people. There are no two ways about it. In the first case, they are a factor of integration and in the second, they are a factor of disintegration. I believe that the outcome and the situation after the elections will confirm my view. In our opinion, this has nothing to do with enhancing democracy. As I said before, it is tantamount to liberating the liberated part of Bosnia-Herzegovina, in other words duplicating the effort while no one is trying to liberate the other part that is still ruled by terror. And they promised to do that. In fact, in their position papers, they are trying to focus on the difference between the governing party, that is, the SDA, and the others. They say, well, the SDA is present only in the territory under the legitimate authorities and our aim is to gain a foothold there [in the Serb entity], to integrate Bosnia, etc, etc, and their programs were drawn up with this in mind. It was the same with their party bodies in which they formally included Serbs, Croats, etc. This, of course, is good providing they do what they promised to do, in other words, to try and secure a presence over there and to win over a considerable number of Serbs and Croats. Since this is not happening, what is going on now is very damaging and will eventually fracture the Bosniak people and weaken it and, by implication, Bosnia-Herzegovina, for the Bosniak people is the factor that under present circumstances can help Bosnia-Herzegovina extricate itself from the current situation. If the Bosniak people end up divided and weakened—and what is being done will weaken it—Bosnia-Herzegovina will inevitably be weakened as well. In other words, the very idea that is behind the existence of these parties will be diluted.

[Karamehmedovic] If you take into account all the factors you have just mentioned, and perhaps it is a bit early to talk about this, how do you envision the outcome of the elections, if they are held under the appropriate conditions?

[Izetbegovic] Yes, you said first: If they are held. I said that I nevertheless believe that they will take place. It is very difficult to give a prognosis at this moment, and perhaps it would be better not to make such forecasts.

I maintain that in the Serb entity the victors probably will be the SDS. One good thing about these elections perhaps is that they have launched a process there which was frozen. If someone were to ask me if I am in favor of the elections or not, I would say I am in favor of them, although ruling parties are generally not interested in going into elections because they want to retain... [Izetbegovic pauses] I would favor holding these elections. For us here, it will be to verify and establish our mandate.

As regards that part of Bosnia-Herzegovina which is outside the control of the legal authorities, the elections are quite certainly the beginning of a process. This can be seen from the creation of a large number of Serb parties in the Serb area. This is a positive process, despite everything, and despite the fact that they are restricted, and that they are relevant only to the Serb electorate. But this process is nevertheless useful because it destroys the monolith which Karadzic created in the Serb entity.

If we are forecasting, it could be expected that two powerful parties or blocs might emerge. One is Karadzic's bloc and the other is more under the control of [Serbian President Slobodan] Milosevic. I do not expect any Bosnian Serb factors to be strong enough, unfortunately, to be able to affirm themselves there in these elections. Perhaps they might sometime in the future. What could happen in the September elections is the emergence of these two Serb parties. Tendencies in this direction might grow. This again is positive because despite the fact that basically both parties promote Greater Serb ideas, one side is more explicit and extremely chauvinist, while the other is a little more mild, more tolerable.

As for the Croat areas, due to the measures being taken by the Croatian Democratic Union [HDZ] in this area, they will probably not have any serious rivals there. This is a situation which is being created artificially. They are hampering the work of other parties.

As for the area under the control of the legal authorities [Bosnian Government], it would perhaps be best not to make any forecasts. We will wait for September.

[Karamehmedovic] I suggest we might talk a bit more about the development of the Bosnian federation. We saw yesterday [9 July] that the defense law was finally approved in the constituent assembly. It had, I believe, been in the making for about one and a half years. What are the main points in this law? This is also a good opportunity for you to say why it took so long and proved so difficult to reach agreement on this law.

[Izetbegovic] I think I spoke about this in the assembly [of the Bosnia-Herzegovina Federation] yesterday. I could repeat what I said. The main achievement of this law lies in the fact that it envisages a certain integration of the two armies.

One of the constant themes in Bosnia-Herzegovina is that in reality you have three armies on the ground. They were not created following some kind of agreement, as some believe, or at Dayton, but this is the reality and it is something we need to resolve. The problem of three

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armies is being resolved by force in one state. [sentence as heard]

The war lasted quite a long time. We had to stop it and now we are trying to resolve the problem of having three armies by political means. First there were two armies—the Bosnia-Herzegovina Army and the Croatian Defense Council [HVO]. We are resolving this issue in the law, which envisages the integration of these two armies into a federal army. Then, most probably in the future, the third army should be integrated into it. This is an optimistic vision. So this is the first thing.

The second question relates to the participation of the republican factor [the role of the Bosnian Government authorities] in the command of the Army. The initial draft bill that was sent back for further discussion and which was approved during Silajdzic's government, in January I believe it was, went before parliament...[pauses] This army was a fully federal army, including the command of the Army. In several places [in the earlier bill], the commander or commanders were listed as being the president and vice president of the federation and they had full authority in relation to this army. What was forgotten was the provision of the Dayton agreement, which envisaged that the republic or state would have authority in the command of the Army.

There was a bitter dispute on this issue, as there was on others. As you know, the issue was resolved as per amendments, I think 23-25, according to which the state would have dual civilian control over the Army in the persons of the president of the presidency [Izetbegovic] and the president of the federation [Kresimir Zubak]. So both republican and federation components were represented. This was some kind of compromise that satisfied both sides.

The significance of the law lies above all in the fact that it opens up the way for the Equip and Train program, a program that will be developed thanks to assistance from a string of countries, headed by the United States. This program, in addition to the Vienna agreement on arms disarmament, is the main factor for ensuring a balance of forces in the area of Bosnia-Herzegovina and beyond, in Croatia and Serbia, and this should ensure the security of Bosnia-Herzegovina.

The adoption of this law was one of the fundamental conditions and, as I was informed this morning, President Clinton sent a letter—I have not seen it yet—which sets in motion this Equip and Train project. This was announced after the law was passed in our parliament yesterday.

[Karamehmedovic] In most comments, yesterday's adoption of the defense law is described as the most important step so far in implementing the federation. If you agree, does it mean that from now on the implementation of other aspects of the federation agreement will proceed at a faster pace?

[Izetbegovic] What I want to tell you is that, generally, I am one of those people who believe in this idea despite everything that has been happening on the ground. If I look at the situation over a longer period of time—the whole process has been moving very slowly—I can see that the overall tendency is forward rather than backward. Regardless of occasional halts and blockades, we are doing it step by step and always forward. This, let me tell you, is in any case our strategic orientation and a step toward the integration of Bosnia-Herzegovina because, obviously, it is a stage in the process of integration.

My view is that things are moving, admittedly slowly, but they are nevertheless moving forward. And there is no doubt that the defense law is a major step that will result in a new atmosphere. For to do something new as regards the army means to make a genuinely major step because other problems will in some way be marginalized if, over the next 15-20 days, we succeed in setting up a joint army command and embark on the Equip and Train program for the army. This will create a new mood that will be conducive to speeding up implementation of the federal project. That is why this is most likely a very important document which the assembly, contrary to tradition, adopted very quickly yesterday. This happened because the preparations went on for such a long time.

[Karamehmedovic] You said that, contrary to tradition, the law on defense of the federation was adopted very quickly yesterday. Now, tell me, we do not often see you at assembly sessions. Yesterday we did see you, and I assume you watch them on TV. What do you think about these sessions which, it seems to me, are often received with mixed feelings and differing reactions among the public?

[Izetbegovic] I think that it is right to talk about mixed feelings but I also think that the people are to some extent influenced by the propaganda. The opposition, of course, questions everything, including the assembly sessions, but we should not blame them for it because that is what they are expected to do. They claim that the sessions are futile, that there is a great deal of point scoring, etc. But show me the parliament where this is not the case. The other day, we had the opportunity to see scenes from the Japanese parliament where there was a fight among the members. We have a saying: Do not fight here, this is not the Italian parliament. As you know, they fight there every now and then. Parliament

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is a place where differing opinions clash. There are seven to eight parties represented in our parliament, seven to eight differing opinions. On the other hand, our views—when I say our views I mean the parties currently in power in Bosnia-Herzegovina—our views on the situation in Bosnia-Herzegovina are sometimes different, our goals are different. In other words, it is difficult to harmonize views.

I think people should be told that this is a normal occurrence. It is normal for a parliamentary session to go on for two, three or five days, five to six hours a day. Many people watch it [on TV]; many do not—they have no time, but I think that this is part of normal political life and that there is nothing strange in it. We cannot all be great philosophers or politicians. We are talking here of ordinary people, representatives coming from small towns. They sometimes say things that sound discordant, etc. All of this has to be taken as a part of reality, and I think that the opposition's criticism of the sessions, in which in any case they themselves take part, is to a large extent unjustified. This is a normal political process.

Well, you cannot see me there often because the sessions are very long, they go on for hours, but I must tell you that I carefully follow assembly sessions, especially the roundups in the evening. What sometimes makes me cross are constant attempts by the opposition parties to tar the national parties with the same brush. I would say that this is something that rules them out, that disqualifies them when it comes to running Bosnia-Herzegovina. It seem that they are not clear about the fundamental, basic balance in Bosnia-Herzegovina. If they can tar the SDS and the SDA with the same brush, then they are confused over some basic things. By doing this they, in my view, absolve the SDS and Karadzic. They are doing the same when they say this was a civil war, and this can often be heard. When they say national parties, well, does it really matter whether a party is national or not? What matters is whether it is democratic or not as regards its goals, its methods of work, and if in power, the ways it exercises power, the way it behaves in opposition, etc, what it preaches and what it is trying to teach people. From this point of view, it is unforgivable and totally unacceptable. This is what I would say in response to the request to comment some statements made in the assembly. I think that some people are confused over some basic things. I ask myself what would they do if, by chance, they gain power if they are not clear about some basic things in Bosnia-Herzegovina.

The SDS was attacking Bosnia-Herzegovina while the SDA was defending it. So, you see, the two cannot be compared. The SDS is a fascist party, but the SDA is not. Those who are not clear about it are either malicious or blind. In any case, those who are not aware that we had an aggression here rather than a civil war should turn their attention to The Hague. They have their so-called political witnesses. These are witnesses who do not testify against the defendant but give the historical context in which the crime took place. They are unanimous—dozens of witnesses have been heard, they are neither Bosniaks nor Serbs or Croats but English, German, Swiss, etc.—well, unlike some of our opposition leaders, they all said that it was an attack by Serbia on Bosnia-Herzegovina and that the attack would have happened whether the SDA existed or not.

To tell you the truth, I sometimes think to myself: Well, let us say the SDA is disbanded, would the picture be any different? What would have happened if the SDA had not come into existence? What would have happened to Bosnia? And sometimes I see their pronouncements as calls for unilateral disarmament of the Bosniak people. They want us to say: Well, since we want peace, we shall disarm but you can go on arming yourselves as much as you want and if you attack us, we shall not defend ourselves because we are peace-loving people.

We know that no one in his right mind would do this.

These are some of my thoughts about those who say national parties are all one and the same, their policy is the same. They tar with the same brush fascist and democratic parties, the parties that defended and the parties that attacked Bosnia. This, in other words, is my reaction to some statements in the assembly. And I am not there often because, as I said, the sessions are slightly too long for me and, on the other hand, I am often seen elsewhere and it is no good being overexposed. But sometimes my job forces me to show myself. We have visitors from abroad. I do not know if that is good or not, but we have frequent visitors, every day someone turns up in Bosnia.

[Karamehmedovic] Since we have mentioned the assembly session, perhaps this is a good opportunity to say more about certain things which seem to me to have remained unexplained after assembly sessions. The law on the Bosnia-Herzegovina Agency for Research and Documentation [AID, Bosnian intelligence agency] was approved at one session. I hope our viewers will remember, Federation President Kresimir Zubak reacted to this law by sending an open letter to the president of the republic's parliament, Mr. Miro Lazovic, who sent a reply to him. Perhaps this is a good opportunity for you to comment on this and tell us what is planned to be done in connection with it.

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[Izetbegovic] Mr. Lazovic answered it. His letter was based on arguments, and the AID is based on the constitution. I think Mr. Zubak knows that. The Dayton agreement, which is the constitution of Bosnia-Herzegovina, very clearly states that agencies of that kind are under the republic's authority. If I remember right, Zubak's letter purported that this was under the federation's authority, which is not true. Mr. Lazovic explained this very clearly and I have nothing to add to that.

[Karamehmedovic] The problem is that one of the deputies questioned the legality of the republic's presidency at the same session.

[Izetbegovic] If I remember well, the deputy asked whether it was based on the constitution.

[Karamehmedovic] The issue was raised of you having been the president of the presidency for more than five years, and the deputy who asked the question believed that this was unconstitutional.

[Izetbegovic] Yes, he said that this amounted to the introduction of the presidential system in Bosnia and so on. Under the Dayton constitution, the existing institutions will function until new ones are elected. The deputy in question probably does not know this, he does not know that the existing presidency is based on that constitution.

As for me discharging the president's duty, the republic's constitution, which is still valid in that section—one particular article, but I cannot remember its number deals with it—provides for the president and members of the presidency to continue discharging their duty in the event of a state of war, the outbreak of war, or the danger of war. I think that the danger of war will soon, be abolished, but it has not yet been abolished so the conditions for reelecting the presidency have not been met. Under that provision of the constitution, I can continue discharging the president's duty because this does not change during a state of war.

[Karamehmedovic] During the talks, you mentioned the Hague tribunal. Perhaps you would like to say some more about Bosnia-Herzegovina's cooperation with the tribunal. It is well known that recently Esad Ladzo and Hazim Delic, two former members of the Bosnia-Herzegovina Army who are suspected of war crimes, were detained. They were handed over to the Hague tribunal. Among the public, there are differing views on this. I believe that a few days ago I read an article which said that the Bosniaks were in fact the victims of genocide in Bosnia-Herzegovina but that now in the Hague there are more Bosniaks in the dock than all others put together.

[Izetbegovic] I do not know the figures precisely. Regarding the two you mentioned, let me say that we have said that we will stick to the principle of cooperation, strict cooperation, with the Hague tribunal. If we are demanding that war criminals be brought to trial—Serb and Croat war criminals—then this has to be true for all war criminals. In our view, war criminals are not restricted to individual nations.

Regarding this decision of the supreme court, I believe it was partly motivated by our will to cooperate with the court and partly by the fact that these two people you mentioned were responsible for the murder of Bosnian soldiers. I think they were (?sentenced) to 20 years imprisonment. One Bosnian soldier was drowned in a fight. Perhaps another factor was that they should be handed over to the Hague tribunal without any great problems or delays. Perhaps the logic went: if you do this with your colleagues, then it is possible for this to be done elsewhere too.

However, I would like to say that we consider all our citizens to be innocent until proven guilty. And the state will help them to defend themselves and it will consider them to be innocent until the Hague tribunal establishes the facts and pronounces them guilty, if it does this.

[Karamehmedovic] Let us say something more about the reintegrated suburbs of Sarajevo. Much has been said about it here and abroad. This seems to be a complex issue. Let us say something more about the process of settling Bosniak refugees from Srebrenica and Zepa.

[Izetbegovic] The issue of settling in Sarajevo people from Srebrenica and Zepa and other places, and the return of the Serbs to Sarajevo, is a sensitive and complex problem as you said. We do not think it is right that houses should be empty here in Sarajevo while elsewhere people are staying in reception centers, those people who lost their houses and villages where they used to live. Now they are staying in schools and reception centers—families are given 10 square meters each in some sports halls—while houses are empty here.

We thought that those people who wished so should be allowed to come here. It is true that some other methods have been used in this respect, but people who have came here have done so of their own free will. We cannot prevent people from doing so as they have lost their homes. As for the people from Zepa and Srebrenica in particular, they should be given that possibility. As for the return of the Serbs, which is much talked about both here and abroad—we have been discussing it every day with foreign officials who have been asking us to make their return possible—the difficulty primarily arises from the fact that these people, before they left Sarajevo, had destroyed their houses, set them on fire,

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destroyed factories where they should now work; their return here would create a huge social problem—first, where to accommodate them—and then tomorrow, they will be unemployed people who could be a social bomb in Sarajevo. This is the practical side of the problem.

The theoretical side of the problem is: If we want an integral Bosnia, we have to accept the principle that everyone should return to their homes, Serbs included. Those who reject this principle are, a priori, in favor of the division of Bosnia. People should know this is so. These are somewhat bitter things, but they are as they are.

If we want an integral Bosnia, we must urge the principle that our people should return to Bijeljina, Zvornik, and other places, and never give up in this respect, regardless of how long this process may take. It may take another 30 years, but we cannot give up this principle. If we want our people to return there, then the Serbs have to return to their homes, war criminals excluded naturally.

Every other approach most certainly involves the supposition or tacit acceptance of the definite division of Bosnia. An integral Bosnia means that everyone should return to their homes. Failure to accept the return of people to their homes, Serbs included, means accepting the division of Bosnia. This almost has the power of a natural law.

[Karamehmedovic] What can you say about the reports that those Serbs who remained in the reintegrated areas are experiencing problems which have become particularly pronounced recently? I think that Carl Bildt's deputy, Mr. Steiner, said in an interview that he was ashamed of what was happening in Sarajevo.

[Izetbegovic] I believe that many complaints in this respect are well founded. I must be honest and admit it. There is no point in denying some things that have been happening. In order to eradicate them, you must first admit that they exist and then remove them. If you deny that they exist, then you will never eradicate them. I think that Serbs in these areas are experiencing difficulties. However, not to the degree that would justify Steiner's statement, not even remotely to that degree.

These are different criteria, one could call them double standards. When a Serb in the vicinity of Sarajevo experiences some trouble, if he is beaten up, then everyone talks about it, foreign media write about it; at the same time the expulsion of Bosniak families from Kotor Varos, Banja Luka continues, these families are beaten up. But this counts for nothing, as if the world had gotten used to it. This is registered here and there but it does not hit the headlines.

Naturally, I said so straight away: I think that, as our ambition is to be a democratic law-governed state, we have to eradicate this problem. In our view, in that way we acquire the right to demand that this principle be implemented throughout Bosnia-Herzegovina, and we also acquire the ethical right to demand that the model of a democratic and law-governed state be further expanded. But we first have to establish it here, among ourselves.

I will never justify in any way that those who remained here, particularly after Karadzic had called on them to leave, even under the threat of force—those who remained here trusting this government and its promise that they would be protected—I will never justify the failure of our government to protect them. This is not right, and this problem must absolutely be eradicated; of course we must not give in to the overexaggeration that takes place in this connection.

[Karamehmedovic] One more important question is—as it is usually called—the presence of foreign troops in Bosnia-Herzegovina. We know that the U.S. administration has publicly said that such troops are no longer present, which has led to the commencement of the Train and Equip program; of course, this was also in direct connection with the adoption of the defense law.

However, a few days ago THE WASHINGTON POST again carried an article about the presence of foreign troops.

[Izetbegovic] Yes, I would like to say something in this connection. When foreign troops were leaving... [pauses] The Americans consider only the troops from Muslim countries, primarily Iranians, some Arabs from Morocco, Saudi Arabia, etc., as being foreign troops. Foreign troops are indeed still present in Bosnia-Herzegovina—troops from Croatia and Serbia. More from Serbia, less from Croatia in western parts, in Krajina. This does not seem to bother anyone. These other people bothered them.

Our condition was that these people should be allowed to leave. We have done that. Most of these troops from Muslim countries have left. A small number of people who acquired Bosnia-Herzegovina citizenship through marriage to Bosnian women remained here. We said that we could demobilize, disarm, and control these people, but we could not order them to leave.

About a month and a half ago, the U.S. ambassador gave me a list of seven to eight people who were presumed to be Iranians on a military and intelligence mission. I showed this list to the Iranian ambassador who denied

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it saying that these people were not engaged in such activities, but at the same time he also said that these people would be sent back to Iran to save us from trouble. This is precisely what happened.

It is not true that these people were evicted. There was no reason to evict these people. The Iranian ambassador accepted that these people should go immediately, as ceaseless discussions would have ensued as to whether someone was engaged in military or intelligence activities etc, which is very difficult to prove, either if you are to prove that someone is doing it or not. In order to avoid any misunderstandings, the Iranians acted in an honorable way in this respect, they said they would tell these people to go home. They did so. That is the truth about this issue.

[Karamehmedovic] I suggest we draw the interview to a close. There are only a few questions left which are, I would say, of great importance. One of them is the issue of military savings books. When the distribution of military savings books started, it seems to me that reactions were mixed: some approved, but there were quite a few cases where those who were to receive the books questioned the whole action. Since you initiated this program, can you tell us if everything is going as planned and what is the future of the military savings books?

[Izetbegovic] First of all, the project of the military savings books was not questioned by soldiers, I think it was accepted by them. There was some questioning on the part of the opposition, there were even statements to the effect that we should give the soldiers all this money—no one was concerned that it amounted to billions of German marks and that the state was not able to give this sort of money out.

I want to be completely clear in this respect. I said this on several occasions, but it seems it is no bad thing to repeat it: what is written down in the military savings book, it is not money—I have already said this several times—it is not ready money. It is a noted obligation of the state towards the soldier; it notes that the state owes him 10,000 or 17,000 or 23,000 German marks, depending on how much time he spent in the army and which status he has—whether he is a war invalid and so on. So this is a way to determine the obligation, and I have to say that this is not something which the soldier can go and cash in the bank.

On the other hand, this money, although it is not cash, is not unsecured. The state is, relatively speaking, rich. They say that one of the characteristics of the socialist countries was poor people and a rich state. This state had its factories—which were state property—buildings, housing, and so on. So we had state ownership and the state has security worth at least 50 times more than the amount represented in the savings books. The total amount is, I think, around 2-3 billion marks—the total obligation of the state to its soldiers.

A part of this money will probably be paid out, as soon as possible and in cash. I think something has already been done in this respect here and there, from certain funds, but it is just a small part. But the majority will be paid in the following form: soldiers will be able to purchase apartments and business premises, to pay custom duty, to buy a plot of land which will become available after the denationalization, or reprivatization. Let me repeat: this is not ready money, but it is a fixed obligation of the state towards soldiers, and it is secured.

[Karamehmedovic] In conclusion, let us hear your opinion on, let us call them, major problems facing Bosnia. We know that there are many problems and challenges. What are the biggest problems according to you, and are you an optimist with regard to their resolution?

[Izetbegovic] In any case, I can say that I can see two to three major, enormous problems on the horizon alongside dozens of other minor problems. One is the problem of Bosnia-Herzegovina surviving as an integral state. This is something that we are fighting for every day—to preserve Bosnia-Herzegovina. There are other tendencies. Dayton did not exclude other options. Unfortunately, it did not exclude the option of Bosnia-Herzegovina's disintegration. Even though the Dayton agreement defines Bosnia-Herzegovina as an integral state, many factors contained in the Dayton agreement can act as disintegrating forces. This is the first major problem.

Then there are two social problems. One is a wave of refugees coming to Bosnia-Herzegovina who are in need of housing and employment. This refers to hundreds of thousands of people. Another problem is in connection with demobilized soldiers. We all say that the community is responsible for their welfare; however, the community has not found the way of helping them out. There is a large number of people who were in the army until recently and for whose welfare the state has the duty and responsibility, both ethical and every other kind of responsibility, and to whom it cannot offer employment. This is a major issue which the current and any future government will have to come to grips with—the survival of Bosnia-Herzegovina and these two major social problems.

With regard to whether I am an optimist, I will tell you that if I were not an optimist I would not be able to do the job that I am doing, and then it would be better for me to withdraw. I am confident that Bosnia-Herzegovina

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will survive against all odds, that Bosnia will manage to endure the difficulties that it is faced with. Why? I will give you several arguments on which I base my optimism.

First of all, it is the guarantee contained in the Dayton agreement that Bosnia should remain an integral undivided state which, as I earlier noted, is not an absolute guarantee but a realistic one. We have to turn it into reality. What makes this vision realistic in my mind is the historical context in which all this is taking place, in which I personally view the issue of Bosnia-Herzegovina's neighborhood as being of essential importance, i.e., what is happening in Serbia and Croatia. I see a relatively weak Serbia in the long run, which is too weak to pursue an effective greater Serbian policy here.

And here, when it comes to Bosnia-Herzegovina, there are elements that urge the disintegration of Bosnia: this primarily refers to Karadzic and a great number of other players. They cannot achieve disintegration, because compared with us they are powerless to achieve it, I mean by political means.

Speaking about our western neighbors, what makes our vision realistic is the unavoidable democratic development in Croatia. Croatia is heading towards democracy despite all the difficulties and certain shortfalls of today's system. Obviously, Croatia will stop interfering in Bosniak affairs, though it finds this difficult to give up. The present leadership has brutally interfered in Bosniak affairs. We see this, we are not blind. However, we are not making an issue of it since we think it is a passing trend which must stop.

Subsequently, the Greater Croatian concept cannot continue. No one today would dare declare secession from Bosnia-Herzegovina. Neither Croatia not Serbia can do it without enormous consequences. They [Herzeg-Bosnia and the Serb Republic] are not well-established state creations which could exist in such a way. No one would welcome the admission of Herzeg-Bosnia in a community of civilized countries while some kind of apartheid exists over there. These are the facts which are being gradually overcome. I am talking about longer-term visions. On the one hand, a relatively weak Serbia, and on the other, a democratic development in Croatia, are preventing the creation of a Greater Serbian or a Greater Croatian concept, which could seriously jeopardize the survival of Bosnia-Herzegovina.

Third, speaking about the territory we control, the territory of the future federation—I said earlier that I expected the realization of this concept to start—a tremendous political and social development will take place, in my view. There are all the necessary conditions in this part of Bosnia-Herzegovina for a democratic development. Democracy pulls society forward. If we continue with the democratic process, if do not hamper this process, if we establish a law-governed state and everything that goes with it, we expect the world to help this part of Bosnia-Herzegovina. This part has a future and, backed by its social, political and economic model, it will conquer the darkness around it. This is my vision and the basis of my optimism, when I speak about the survival of a single Bosnia-Herzegovina.

[Karamehmedovic] At the end of our conversation, let me just say that we haven't forgotten the anniversary of the Serb occupation of Srebrenica. This will be marked in a suitable way tomorrow and you will also make an address. Bosnia-Herzegovina TV will devote quite a lot of time to this event which everyone sees as the biggest crime in Europe since World War II.

[Izetbegovic] I fully agree with you. The anniversary will be marked both in Sarajevo and throughout Bosnia-Herzegovina as the day of remembrance, or better still, the day of our resolve not to forget it and ensure it never happens again. It will be marked in Tuzla in a big way as most of the people who suffered this misfortune are over there now. The 11th [of July], as far as I know, will be reserved just for women, the day of women from Srebrenica and Podrinje and the state authorities will organize something on the 12th.

[Karamehmedovic] Mr. President, thank you very much for this interview.

B-H: Izetbegovic Hits Abuse of Business Premises Allocation

LD1007202596 Sarajevo Televizija Bosne i Hercegovine in Serbo-Croatian 1830 GMT 10 Jul 96

[FBIS Translated Text] The current political and economic situation in Bosnia-Herzegovina; what is to be done? This is the title of a conference held in the presence of President Alija Izetbegovic and organized by the Party for Democratic Action on the strategy for economic recovery. Taking part in the conference were members of the government, the executive and main committees of the party, canton governors, municipal leaders, and other guests. The conference was addressed Dr. Hasan Muratovic, prime minister of the republic.

President Izetbegovic, after addressing the conference on the political situation, handed municipal leaders a letter which reads as follows:

I am receiving very unfavorable reports about the distribution of business premises in certain municipalities, particularly in Sarajevo. The plaintiffs are most frequently invalids and demobilized soldiers who claim

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that they are being completely overlooked and that most business premises have been grabbed by war profiteers and the relatives or friends of influential people. If there is even a grain of truth in these complaints, and it appears, unfortunately, that much of it is true, then this is a sure sign that both our human and political sensitivity has let us down—human sensitivity because the soldiers deserve proper care, which we promised them—and political, because we will have to face their dissatisfaction and justified anger.

I therefore call on you to take note of this issue and to prevent abuse of the allocation of business premises. Do not use the regulations to justify bad decisions. If the regulations are unjust and wrong, change them or propose their amendment. Whatever the case, take measures to remove the injustices. I will call for a public debate on this issue to be conducted soon in the press, on television and elsewhere and for the culprits to be called to account.

B-H: Izetbegovic, Senior Officers Discuss Defense Law

AU1107183996 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 11 Jul 96

[FBIS Translated Text] Alija Izetbegovic, the president of the State Presidency, visited the General Staff of the Bosnia-Herzegovina Army today, where he met with General Rasim Delic, corps and divisional commanders, and some senior officers of the General Staff.

The aim of this meeting was to discuss the final stage of the overall preparations for the implementation of the tasks enshrined in the recently passed Defense Law of the Federation of Bosnia-Herzegovina, as well as commitments toward the peace agreement on Bosnia-Herzegovina. President Izetbegovic expressed satisfaction with the serious approach that the officers and men of the Bosnia-Herzegovina Army have taken in implementing these tasks, as well as the conviction that our peacetime army will be a guarantee of peace in Bosnia-Herzegovina.

B-H: Soljic on Defense Law, U.S. Arms, Croat-Muslim Ties

LD1107202496 Mostar Croatian Radio Herceg-Bosna in Serbo-Croatian 1600 GMT 11 Jul 96

[FBIS Translated Text] The adoption of the Law on Defense of the Bosnia-Herzegovina Federation has created the conditions for the implementation of the Equip and Train Program, already approved by Bill Clinton. What does this law mean for the two partners in the federation? Our editor Milan Vego spoke to the Federation's Defense Minister Vladimir Soljic about this and about the arrest of members of the Croat Defense Council [HVO] by the Muslim authorities.

[Begin recording] [Vego] Mr. Soljic, tell us, what important things will the law bring? There were two problems that slowed down its approval: the command and the recruitment policy.

[Soljic] There are many opposing views and interests. I think we have found a compromise which at the moment satisfies both sides, and when I say both sides, I primarily refer to the side I represent—the Croat side. I think that, considering the other side's demands, we can be satisfied with everything that was approved as part of the law.

[Vego] What will the law's impact be on relations between the two partners in the federation?

[Soljic] This law has taken a long time in coming. If it is implemented at a normal, satisfactory pace, I think it will have a positive effect on bringing to life the federation as a whole. We finally resolved these two issues after a long time by postponing the solution of one, and by resolving the other temporarily by putting one representative of the Croat and one of the Bosniak nation—currently Messrs Zubak and Izetbegovic—in command of the army as equals. They are in charge of everything that Dayton entrusted to the civilian commander and to the federation's president and vice president. The minister and his deputy will approve most important documents together. This suits our side, and it does theirs if we play a fair game.

As for the components [of the federation's army], what was agreed in Washington will remain in effect without any changes, which means that the two components will remain in existence, with the recruits' right to choose the component. The program will be phased in over three years, but this does not cast doubt on the army's structure.

[Vego] President Bill Clinton gave permission for the launch of the Equip and Train Program immediately after the defense law of the Bosnia-Herzegovina Federation was passed. How do you see this?

[Soljic] As the defense minister, I am supposed to be pleased about the armaments, but, in principle, I am not—I know the situation here. This region will be troublesome as long as there are a great many armaments around because weapons have never been quiet here. For the most part, they are used for the purposes for which they are produced. The U.S. view is realistic, and we have accepted it for the moment in order to create a counterbalance to the army of the Serb Republic—they have an abundance of tanks, armored vehicles, and so on. So we accepted the U.S. proposals

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to arm the federal army so that it counterbalances the army of the Serb Republic.

[Vego] Minister Soljic, the last question: How do you see the most recent arrests of members of the HVO by the army of Bosnia-Herzegovina and the Muslim authorities? Odobasic, the Muslim chairman of the state commission for prisoner of war exchanges, who replaced Masovic, even says that the HVO are an enemy army; he publicly displays this attitude to the HVO.

[Soljic] Some things have been done about contacts [as heard]. Many things are being resolved which are not being made public, and neither is there any need to make them public. But if we are unable to establish normal relations, an equal partnership in everything, including this, then we shall not even try to prevent our side, whether it is individual, organized, or unorganized—I am not in favor of giving way to anybody [sentence as heard]. I am for this, even if it comes from the Old Testament: an eye for an eye, a tooth for a tooth. There is no dilemma here—if the other side acts illegally, if it takes things into its own hands, then, I would say—although it is not opportune to threaten at a time when we are trying to ease tension—but I can say that we shall give tit for tat, good for good, and bad for bad, without any doubt. I do not think there is anything wrong in doing this. [end recording]

B-H: HVO's Dragicevic on Mujahidin, IFOR, Accord

AU1107193396 Zagreb VJESNIK in Serbo-Croatian 9 Jul 96 p 7

[Interview with Major General Drago Dragicevic, commander of the Vitez HVO, Croatian Defense Council, Regional Corps, by Andrija Tunjic; place and date not given: "Croats Want Peace, not Jihad"]

[FBIS Translated Text] Major General Drago Dragicevic, commander of the Vitez HVO Regional Corps, spent the whole war in central Bosnia. Therefore, regarding the global measures and war crimes accusations directed at the Croats of central Bosnia, we ask: Who, in fact, is the aggressor in central Bosnia, and who is the victim?

[Dragicevic] That is more than obvious. There where two-thirds of the population has been banished from their hearths—and we are talking of some 300,000 Croats—it is obvious who is the victim. And one knows that the Bosnia-Herzegovina Army has done it. But as the units of the Bosnia-Herzegovina Army in the beginning—and not only in the beginning—relied upon the logistics and partly on the command of the HVO and HV [Croatian Army], some people cannot understand that those units issued orders to attack the HVO. All this is probably the result of Yugoslav elements in the Bosnia-Herzegovina Army, who did not think that the HVO resistance to greater Serbianism was good for them, so they developed the idea that the HVO was the aggressor. Of course that is absurd, and is acceptance of the KOS [Counter Intelligence Service] thesis according to which one must provoke discord between the Muslims and the Croats in order to realize the idea of greater Serbia in all the territories of Bosnia-Herzegovina.

[Tunjic] Nevertheless, after all that, the Dayton peace agreement was signed. How is the implementation going in your zone of responsibility?

[Dragicevic] Regarding the military part of the Dayton peace agreement, Annexes 1A and 1B, in the Vitez Regional Corps—that is, in central Bosnia—it has been implemented completely, apart from a part referring to the removal of mine fields. I think that the time limit determined by the peace agreement is not realistic because there had been no insight into the number of mine fields, or into the sorts of improvised explosive devices planted by all three armies.

Apart from the mine fields, one can say that one more provision of the Dayton peace agreement has not been respected, and that is the one referring to foreigners in the Bosnia-Herzegovina Army units. There are no foreign soldiers, instructors, or officers in the HVO, but when we talk about the Bosnia-Herzegovina Army, the presence of foreigners who have come to join the fight in both the military and ideological sense is obvious. They have brought evil, jihad into this territory, and Bosnia needs peace. Bosnia cannot live with jihad—a never-ending war. I believe that all the people in Bosnia need peace, but that wish is particularly present with the Croats. It seems to me that we are the ones who are most inclined to peace, we love it most. I think we can do much more in peace than in war, that we can do much more by means of peace than by means of war.

Mujahidin Keeping Low Profile

[Tunjic] Are there any mujahidin left in the territory of Bosnia?

[Dragicevic] The mujahidin are still here, they meet, their presence is obvious, and we meet them on the roads. True, recently they have been disarmed, but they are in Bosnia. We see them on the roads, and when they communicate we can hear them on the radio units, but somehow they have become passive, and have transformed themselves into civilians, which again enables them to become militarily active in a very short time, and to continue the job of international terrorism, as the exporters of jihad from Iran and Libya. We are

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particularly sensitive to that, because they have come to our homeland, to our homes, to our families, and they have come to make war against us. So as long as these foreign elements—as our partners, and their friends call them—who are in fact the real enemies of peace and the Federation, are not gone, they will be a serious barrier to the implementation of both peace and the Federation and the federal army made up of two component parts.

[Tunjic] Why do the Croats in Bosnia-Herzegovina not want to accept one single army of the Federation, upon which the Bosniak-Muslims insist?

[Dragicevic] Please, how can we talk about one single army in the Federation of Bosnia-Herzegovina? Because while the HVO was defending Bosnia-Herzegovina in Jajce, in Komusina, in Posavina, and in eastern Herzegovina, and while we were blunting the spear of the JNA [Yugoslav Peoples' Army], our present federation partners did not know at all who the aggressor was, but welcomed the very aggressor with flowers, applause, and brandy.

So as long as Croatian youths were dying by the hand of that aggressor army and slowing that military power down, thus creating the preconditions for liberating Bosnia-Herzegovina from the greater Serbian forces—that long was the HVO allowed to exist. However, now that peace is here, now that Bosnia has not fallen silently—thanks first and foremost to the HVO as the first armed formation of Bosnia-Herzegovina—and now that one has to calculate with the HVO as a component part of the armed forces of the Federation, or the federation army, as said in the Washington treaty, now its role is questioned, and the two-component quality of the armed forces of the Federation is also questioned. But that is our need and aspiration, and we have confirmed that in battle. And what we confirmed in battle, the Assembly of the Federation of Bosnia-Herzegovina must recognize and respect. I will personally start an initiative to give special recognition to the HVO in the Federation's Assembly for the defense and liberation of the territory of the Federation of Bosnia-Herzegovina.

Yugoslav Elements in Bosnia-Herzegovina Army

[Tunjic] So regardless of the facts, or precisely because of them, it seems that your federal partner does not want a common army?

[Dragicevic] The Assembly must give an answer to that question, and the Assembly must make a decision, because there will be and there must be a Federal Army. The Muslims must accept what their political representatives signed in Washington, Dayton, and elsewhere, and then there will be a Federation Army. There is no dilemma about it, and there is only petty resistance.

[Tunjic] Although it is known how much the HVO contributed to the liberation of the territory of the Federation, nevertheless, the Muslim leaders do not recognize that. How much territory liberated by the HVO is now under the control of the Bosnia-Herzegovina Army?

[Dragicevic] It is hard to talk in percentages, but we talk about stopping the first initial strike on Bosnia, and about breaking the aggression in all the crucial operational directions. In fact, the role of the HVO is inestimable in that initial period, when the aggressor's strength was greatest, and when after breaking that aggression our partners opened their eyes, too. However, bearing in mind all the Yugoslav elements present in our partner's units, I am not surprised at their behavior. After all, in their aggression on the Croats of central Bosnia, they have taken their revenge to the HVO and our resistance to the Yugoslav army and Serbian aggression.

[Tunjic] But then why has Izetbegovic on many occasions said that if it had not been for the HVO, the Bosnia-Herzegovina Army would have been on the border with Serbia?

[Dragicevic] What Izetbegovic is talking about, and why he says that, I can only guess. However, had it not been for the HVO, I assure you there would have been no Bosnia, and that army he mentions would have been in Serbia, and not on the border with Serbia. That is first, and second, the HVO of central Bosnia, that is, the ZP [Regional Corps] Vitez, is the bedrock of the Federation and the Federation's army. If there is no HVO of central Bosnia, there is no Federation, either.

[Tunjic] Although the end of the period set for the implementation of the Dayton agreement is approaching, the agreements are still not being carried out.

[Dragicevic] Yes, the Serbs do not respect the provision of the peace agreement that refers to freedom of movement. Civilians from the territory of the Federation are not allowed to visit their property, their houses, their graveyards, their churches and mosques, and that could be one of the reasons for the creation of distrust and difficulties regarding the implementation of the peace agreement.

[Tunjic] Is the demarcation line between the Federation and the "Serb Republic" respected?

[Dragicevic] That line has been utterly respected, and in my zone of responsibility, there has been no violation of that border line, of the separation zone between the entities, as well as of the heavy artillery exclusion zone. IFOR [Implementation Force] controls that line every day, and there is no fear or suspicion of IFOR's objectivity.

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Special War Against HVO

[Tunjic] Apart from the Serbs not implementing the peace agreement, are there incidents between the Croats and the Muslims?

[Dragicevic] Regarding incidents in my zone of responsibility, the relations and situation between the HVO and the Bosnia-Herzegovina Army are constantly provocative. It seems that certain officers of the Bosnia-Herzegovina Army, and their General Staff, have been conducting a guided special war against the HVO, and particularly against central Bosnia. Because the HVO in central Bosnia, as a consequence of the aggression against the HVO, is split into six zones, the Muslims think that they can break—that is, destroy—those areas, Usora, Zepca, Vares, Jajce, Lasva Valley, and Kiseljak, and the HVO units of those zones subordinate to their command. They would like to control at any cost those areas that were defended by the HVO during the aggression of the Bosnia-Herzegovina Army.

The IFOR forces, invited by our political representatives to help us in the implementation of the Dayton agreement, do not want to interfere with those provocative situations appearing between the HVO and the Bosnia-Herzegovina Army. They only register them, and probably inform their superiors and their governments about that. They do not even want to be a serious arbitrator in those relations. Namely, they think that those are the internal affairs of the Federation, which has been "solved" by the Washington treaty.

So there are certain difficulties in the Federation, but regardless of that the HVO has never held anyone up, arrested anyone, maltreated anyone, or abused anyone, and has never stopped the supplies for the Bosnia-Herzegovina Army, while there are over 100 cases on the opposite side.

Correct Relations With IFOR

[Tunjic] What are your relations and cooperation with IFOR like?

[Dragicevic] The officers of IFOR with whom we communicate are highly professional NATO commanders, and regarding ZP Vitez, we have had no negative experiences in our relations with IFOR. We have no problems in communication or regarding the execution of the general provisions of the Dayton peace agreement for Bosnia-Herzegovina. Regarding the HVO ZP Vitez, we feel like hosts, and we consider IFOR to be an invited guest who is to help us in the implementation of the Dayton agreement, and not be master in Bosnia. We are the masters, this is our homeland, and we do not feel inferior to them in any sense. And we are always ready to assume that position toward those forces. IFOR has recognized our cooperativeness and professional attitude.

[Tunjic] Regarding Cardinal Puljic's statement that religion played an important role in the Bosnia-Herzegovina Army units, does the Catholic Church have a similar influence in the HVO?

[Dragicevic] That was also of interest to the U.S. generals who have spent some time here. The Catholic Church has much influence, as we have been living here for 13 centuries and our Franciscans, as they say, for seven centuries. The commanders of the HVO units are professional officers and noncommissioned officers of Croatian origin, and not church officials, priests, or anyone from the church hierarchy. Of course, we have good relations with the Church. A vast majority of Croats are, after all, believers and Catholics.

B-H: List for Unified Mostar Receives Most Votes

AU1207100196 Sarajevo OSLOBODJENJE (Bosnian) in Serbo-Croatian 12 Jul 96 p 24

[Report by A.R.: "Casado Announces Election Results by Decree"]

[FBIS Translated Text] Mostar—EU Administrator in Mostar Ricardo Perez Casado announced by decree the official results of the local elections in Mostar for the city council and the councils of the six city districts. Out of the total of 99,143 registered voters, 59,368 voted. Seven hundred and eighty-two ballots were invalid. The List for Unified Mostar received most of the votes (28,165), the Croatian Democratic Union [HDZ] received 26,464 votes, the Croatian Pure Party of Right 616 votes, the Croatian Party of Right 389, the Joint List of the Bosnia-Herzegovina opposition 1,921 votes, and independent candidate Dragan Ziga got 167 votes. Of the 37 seats in the Mostar city council, the List for Unified Mostar got 21 deputy seat, while the HDZ got 16 seats. The Joint List of the Bosnia-Herzegovina opposition will not have a single seat in the city council.

B-H: HDZ Does Not Recognize Mostar Election Results

LD1207115696 Zagreb Radio Croatia Network in Serbo-Croatian 1100 GMT 12 Jul 96

[FBIS Translated Excerpt] The Mostar Croatian Democratic Union [HDZ] does not recognize the final election results announced last night by the European Union [EU], because according to the law on the elections in Bosnia-Herzegovina, only the city electoral commission can announce them.

At the same time, Mijo Brajkovic, head of the HDZ list and president of the Mostar municipal council, said that

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he personally will not be taking part in setting up the municipal and city authorities because of these illegal activities. Anton Mrkonjic has further details:

[Mrkonjic] The HDZ convincingly won the most votes of all political parties, and it has 16 seats in the city council, Mile Puljic, chairman of the Mostar HDZ city committee said. He added that Croat representatives will not take part in constituting municipal and city councils until the final election results are made public by the city electoral commission, as set out in Article 93 of the Bosnia-Herzegovina electoral law.

According to Puljic, the adoption of a decree and the publishing of the results by the EU is a continuation of the merciless violation of the law to the detriment of the Croat people.

Mijo Brajkovic, the head of the HDZ list and president of the Mostar municipal council, has said that he personally will not be taking part in setting up the new Mostar authorities because he does not want to take part in illegal activities.

Brajkovic says that according to the memorandum on the interim city statute, the EU administrator can issue a decree only if an advisory council has previously held a meeting on this and agreement between the two sides has been reached. Mijo Brajkovic said there had been no such meeting.

According to him, the EU is rushing to set up the new city authorities by the end of its mandate on 23 July, and in this process, it is neglecting a people which turned out to vote and demonstrated what kind of Mostar it wants.

We are not prepared to accept a new mandate for the EU administration if the violation of agreements and the law continues, Brajkovic said. [passage omitted]

B-H: Details of Alleged Irregularities in Mostar Election

AU0507200696 Zagreb VJESNIK in Serbo-Croatian 5 Jul 96 p 2

[Article by Mario Marusic in Mostar on 4 July: "If Elections in Bonn Are Invalidated, the HDZ Will Have a Majority in Mostar"]

[FBIS Translated Text] The first unofficial results of the Mostar elections have pointed to certain illogical things and even mathematically impossible things, but, despite complaints filed by the HDZ [Croatian Democratic Union], nobody paid any serious attention to it to start with. In addition to this, it was precisely at the polling stations abroad, where voting was allowed (contrary to all the hitherto known rules on holding the local elections) only after the Muslims [parties based in the government-controlled parts of Bosnia-Herzegovina] boycotted the elections on 31 May, and then the pressure of the international community on Zagreb and the Mostar Croats, that there was presented, from the Muslim point of view, an ideal opportunity to rig the votes.

Three days after the elections, the Municipal Election Commission [GIK] was unable to issue the complete official results. Cases of a "surplus" of votes, the disappearances of registers and ballot boxes, intimidation and assaults on HDZ observers, and so on, went too far in Bonn (in particular), Oslo, Bern, and Stockholm, and the outcome of the voting abroad (as many as 6,128 votes for the SDA [Party of Democratic Action—as published; the SDA was only part of a multinational coalition in the Mostar elections] against only 744 for the HDZ) has provoked suspicion concerning the regularity of the elections among those who are well informed about the local situation.

"Precisely what we predicted has happened. It is more than obvious which side has been obstructing the whole process in Mostar. We insist on regularity, and we want the elections invalidated where it was violated," Mijo Brajkovic, the head of the HDZ B-H list, told VJESNIK, adding that now, after the decision of the Municipal Election Commission to invalidate the elections in Bonn, one should wait for another 48 hours for possible objections from the ombudsman on such a decision, after which the decision will become legally valid. If, nevertheless, there are some objections, then the ombudsman will issue a ruling. But, Brajkovic pointed out, the Croatian side will not allow any new tricks, now that it has already shown the maximum readiness for cooperation, that is, if Ombudsman Zepos should alter the GIK's decision to invalidate the Bonn elections, they will not accept anything of the kind, because there are too many arguments and too much proof to back the decision reached.

The consequences of the invalidation of the Bonn elections, in fact, are not negligible. Moreover, apart from showing who is obstructing fair elections and the peace process in Mostar, based upon the Dayton provisions, which has once again come to the surface, this could significantly change the "blood picture" of the voting and the distribution of seats on the Municipal Council, and, furthermore, prove decisive in the election of (one) mayor.

It has been known for a long time that the HDZ list won a convincing victory in the town itself with more than 3,500 votes more than the SDA, also that the elections abroad tipped the scales to the other side by 1,820 votes.

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In that, it was Bonn that took the initiative (3,238:628 in favor of the SDA), so that now that the elections in Bonn have been invalidated, the final result of the elections for the Municipal Council changes from 28,505:26,680 in favor of the SDA to 26,062:25,267 to the list headed by Mijo Brajkovic, which will certainly be reflecting in the final number of councillors, that is, an almost certain advantage to the HDZ on the Municipal Council.

B-H: Comment: Contact Group Meeting Deepens Confusion

LD1207112996 Pale Srpska Televizija in Serbo-Croatian 1800 GMT 11 Jul 96

[FBIS Translated Text] Yesterday's Contact Group meeting in London failed to remove the pre-election confusion [?throughout] Bosnia-Herzegovina. Further details in the following commentary:

[Unidentified correspondent] Yesterday's Contact Group meeting on the former Bosnia-Herzegovina in London, which was convened, it was said, in order to remove preelection confusion, failed to fulfill this basic task. After everything that was agreed yesterday, the confusion not only continues but has deepened.

To be sure, the representatives of four powers, and Russia, which for unexplained reasons was only an observer this time, agreed that the [ruling] Serb Democratic Party [SDS], together with the other parties, should take part in the elections but without Dr. Radovan Karadzic [president of the Bosnian Serb Republic] as its chairman.

By adopting such a standpoint the [?condemnation] increases, although an otherwise quite unnecessary, artificial, [word indistinct] dilemma has been removed. It remains completely unclear how international factors can argue that the elections have to be democratic and fair when they are trying to prevent a leader of one party, the leading party, from taking part in them and using his active and passive electoral right just like any other citizen.

Citing the Hague Tribunal indictment as if this were some kind of argument, [words indistinct]. What is this institution and what does it represent: A certain novelty that shocked all those who have even a small sense of the law and justice, and which will go down in the annals as an example of the [?use of force to obtain justice] is the way in which the indictment against Dr. Karadzic came about. [sentence as heard]

It would be truly ridiculous to think that these power brokers do not know what the institution of the Hague Tribunal is like, and do not know that Dr. Karadzic has not committed any crime. But they know full well that the Serb people in the Bosnian Serb Republic does not want, at any price, the unitary and multiethnic Bosnia on which the international community is stubbornly insisting.

The international factors are fully aware that the SDS, as a political force, reflects precisely this mood among the people, and that Dr. Karadzic is the most consistent and esteemed representative of the people's mood and its political forces. In order to achieve the planned unitary, multiethnic Bosnia they need to remove these [?obstacles]. Since they cannot remove a whole people, they are resorting to an old solution—the removal of their leader under the guise of the Hague indictment.

The fact that the [word indistinct] campaign against Dr. Karadzic is intensifying more and more as the elections approach is no surprise. These factors calculate that the SDS, led by Dr. Karadzic, would certainly win the elections, while without him perhaps they would not. They are counting on the fact that part of the electorate will make their minds up at the last moment, and as a result they are using all possible means to reduce the high rating [preceding word in English] and the electoral chances of the SDS.

Who will [words indistinct] if the charismatic personalities [words indistinct] factors represented like, for example, Carl Bildt [international coordinator for the civilian operation] pull no punches, even at the price that these individuals, as people and as diplomats [words indistinct].

The above-mentioned [word indistinct] will depend first and foremost on the party [words indistinct] because it is not the state. The U.S. citizen Robert Frowick, head of the mission for the elections [as heard; he is head of the OSCE mission in Bosnia], says that Dr. Karadzic cannot remain [?chairman of] the SDS. He literally says: We want him, Dr. Karadzic, to be a nobody from now on. Even if he were the chairman of a collectors' society, that too would bother us.

Bildt has described him as a person who hates and [word indistinct]. His method of hatred is one small step to fascism. [sentence as heard]

We can understand his personal hatred because Dr. Karadzic recently thwarted his attempt to establish a puppet regime in the Serb Republic. But we cannot understand such behavior by an international diplomat.

After such [word indistinct] statements and after yesterday's meeting of the Contact Group, the first and final [?intentions] of the international factors, not only concerning the forthcoming elections but in terms of global policy vis-a-vis Serbia. [sentence as heard] But international factors and all those who still strive for a unitary

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Bosnia should know that these intentions have been recognized not only by the voters but also by the whole Serb people.

B-H: Frowick Tells Plavsic SDS Can Be in Elections

AU1107163496 Belgrade BETA in Serbo-Croatian 1300 GMT 11 Jul 96

[FBIS Translated Text] Pale, 11 July (BETA)—Robert Frowick, head of the OSCE mission in Bosnia-Herzegovina, confirmed today in Pale that the ruling Serb Democratic Party (SDS) can take part in the September elections.

After the meeting with Biljana Plavsic, acting president of the Serb Republic (RS), and Foreign Minister Aleksa Buha, he told reporters that the people of the RS "should vote for whatever party they want to, including the SDS."

Frowick said that the common aim of the OSCE and the international community is to confirm the existence of the RS in the forthcoming elections. He said that the preelection campaign will start officially on Monday, 15 July.

"I sought advice from Biljana Plavsic on how to reach the common goal—the elections—and how to cross all the obstacles on that path," Frowick said.

Biljana Plavsic said that she was "impressed" by the fact that Frowick "is carefully following all processes in connection with the elections," and stressed that the RS authorities, in cooperation with the OSCE, will "do everything they can to eliminate all the problems" that stand in the way of the elections scheduled for 14 September.

B-H: Plavsic: Pale 'Senate' To Focus on Serbs' Survival

AU1107150296 Belgrade NASA BORBA in Serbo-Croatian 11 Jul 96 p 2

[Article by B. Djordjevic: "Only Serbs Can 'Think Along National Lines'"]

[FBIS Translated Text] Pale—We have been discussing the formation of such a body for a year and a half. Had we formed it earlier, many things would have been resolved in the best possible way, acting Serb Republic president Biljana Plavsic told NASA BORBA. According to a ruling by the Serb Republic assembly, the senate will be exclusively an advisory body. Some experiences with the senate were, according to Plavsic, gained during the formation of the Serb Democratic Party, "when our party was the best one." The Serbs in former Bosnia-Herzegovina should be the main concern of the senate.

"The question of the survival of the Serb people should be the focus of attention of this advisory body," Plavsic said and added: "The members of the council must be those who think along national lines; men to whom our national question is above everything, regardless of whether or not they are from the Serb Republic. The names of the senate's members have not been publicized yet, although talks with potential 'senators' have ended."

"Because of the situation in which the Serb Republic currently finds itself, the final composition of the senate will be known shortly, as will the date of its first meeting," Plavsic concluded.

B-H: Klickovic on Karadzic, Mladic Arrest Warrants

AU1207103696 Belgrade BETA in Serbo-Croatian 0708 GMT 12 Jul 96

[FBIS Translated Text] Banja Luka, 11 Jul (BETA)—Serb Republic Prime Minister Gojko Klickovic said this evening in Banja Luka that the issuing of the arrest warrants for Radovan Karadzic and Ratko Mladic was "yet another Hague Tribunal travesty."

Klickovic told correspondents that the Hague Tribunal's decision was not binding on the Serb Republic.

"Such an obligation was not undertaken by the Dayton agreement, and the regulations do not allow the extradition of any citizen to other countries," the Serb Republic prime minister said.

"If someone thinks he can arrest anybody in the Serb Republic, let him try and he will have a repeat of the recent Han Pijesak episode," Klickovic said, adding that "the people will defend Radovan Karadzic and Ratko Mladic equally."

According to Klickovic, everything that has been happening over the last few days shows that the people in the Serb Republic have intuition and will know how to protect and defend their leaders.

"The latest moves by the Hague Tribunal are unilateral and biased, and we will treat the tribunal accordingly in future," Klickovic said, and added: "This will probably cause problems in the further implementation of the Dayton agreement."

The Serb Republic prime minister concluded: "If they continue to exert such pressure, we will have nothing left to talk about with them."

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B-H: Karadzic 'Worried About Traitors'

MS1207105196 London THE DAILY TELEGRAPH in English 12 Jul 96 p 16

[Article by Christopher Lockwood and Julius Strauss: "Warrants Issued For Serb Leaders Over War Crimes"]

[FBIS Transcribed Text] Pale—International arrest warrants for the Bosnian Serb leader, Radovan Karadzic, and his army commander, Gen Ratko Mladic, were issued last night by the international war crimes tribunal in The Hague.

Timed to coincide with the first anniversary of the fall of the UN-protected "safe area" of Srebrenica to the Serbs, the tribunal's action obliges the 185 member countries of the United Nations to arrest the two men if they appear on their territory.

Dr Karadzic and Gen Mladic were indicted last year on multiple charges of genocide. The charges include the massacres that allegedly followed the fall of Srebrenica when up to 8,000 Bosnian Muslims are said to have died. Copies of the warrants are being sent to the international police agency, Interpol, in Lyons.

But the move will have little immediate effect, as neither man is in the territory of a country likely to execute the warrants. Dr Karadzic is in his own small state, the Bosnian Serb Republic, while Gen Mladic is thought to be in Belgrade.

"The purpose is to make the countries that harbour these men open-air prisons to them," said a tribunal official. "They will not be able to cross any international frontier without fear of arrest."

The move also means that Serbia is now formally in breach of UN obligations by sheltering Gen Mladic, making it likely that the Security Council will consider re-imposing trade sanctions on the former Yugoslav republic.

The warrants increase the pressure for Ifor, the Nato-led peacekeeping force in Bosnia, to move in and arrest Dr Karadzic, who lives openly in the village of Pale. But they do not oblige Ifor to act, and Nato sources say that such a move remains unlikely.

In Pale, it is clear that what Dr Karadzic really fears, more than a trial for war crimes in The Hague, is a stab in the back from the man who created him: Slobodan Milosevic, the president of Serbia.

Dr Karadzic is not scared of being arrested by Nato patrols. In his armoured limousine, with its darkened windows, he passes easily through Nato checkpoints in Pale.

Even so, he is like a mouse who sees the shadow of the cat. He gives orders in his factory-turned-office, where he is surrounded by faithful bodyguards. In the evenings he heads for the Panorama hotel and often sits late into the night reading and thinking.

"Dr Karadzic doesn't give a jot about Nato. He's worried about traitors in his own camp " a source close to the Bosnian Serb leadership said. "It could be very convenient for Milosevic if Dr Karadzic were to disappear."

In Belgrade, analysts confirmed that the fate of Dr Karadzic was in the hands of Mr Milosevic. They likened Mr Milosevic to Frankenstein, with Dr Karadzic as his monster. "Although it seems that more than once the monster has veered out of control, Milosevic still holds the strings," said one analyst.

So why doesn't Mr Milosevic hand over Dr Karadzic and earn himself the accolades of the international community?

Common sense dictates that Mr Milosevic does not want Dr Karadzic to give evidence in The Hague. Mr Milosevic was the author and architect of the Greater Serbia campaign that prompted radical Serbian paramilitaries to massacre and drive out Muslims in eastern Bosnia. Dr Karadzic knows enough to point the finger at his former master.

Furthermore, a political observer in Belgrade said Mr Milosevic would not move against Dr Karadzic until he could be sure that he could take charge of Republika Srpska, the Serb-held part of Bosnia, and fill the power vacuum created.

Earlier this week Nato sources told The Daily Telegraph they would close a security net around Pale to prevent Dr Karadzic from leaving. But so far there is no evidence of the new policy. Ifor commanders say they will continue random patrols as before but will not seek out individuals.

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"The only Ifor presence here is Italian soldiers drinking cappuccino and posing for photographs," another Pale source said. "They won't try to pull Dr Karadzic out. He is well guarded. They know they would lose lives if they made a serious attempt."

Although Dr Karadzic's movements are not restricted by Nato, the noose is tightening in other ways. In the last six weeks he has twice been turned back at the Montenegrin boundary when he tried to visit his mother. This ban must have been authorised by Mr Milosevic.

Those close to Dr Karadzic confirm that the worry that far outweighs any other is that, rather than hand him over for trial, Mr Milosevic may choose to remove him from the scene entirely.

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Croatia: Local Official on Problems in E. Slavonia

AU1107153696 Zagreb VJESNIK in Serbo-Croatian 8 Jul 96 p 3

[Interview with Vojislav Stanimirovic, chairman of the Executive Council of Srem-Baranja District, by Marko Barisic; place and date not given]

[FBIS Translated Text] [Barisic] To start our conversation, would you please introduce yourself and explain your function.

[Stanimirovic] My name is Vojislav Stanimirovic, and I am a medical doctor. I am the head doctor, and I have been working here in Vukovar for 20 years. I was born in a nearby village, where my ancestors have lived for centuries. Two months ago the District Assembly of five municipalities of this region appointed me chairman of the Executive Council of the Srem-Baranja District. The representatives in the Assembly are only those who were delegates of our region in the Assembly of the Republic of Serb Krajina, which means that none of them is from Knin. Besides, the District Assembly also has representatives from municipal assemblies, the number of which is based on the number of inhabitants of individual municipalities. The total number of delegates is 53.

They unanimously elected me on the basis of the program for the organization of life and work in this region as a part of Croatia. What the program is really about is our survival here. My real function here is one of executive authority in the period before the Transitional Police and Mr. Klein's administration. That opens the question of dual authority, as Mr. Klein has recently been the only executive authority here.

However, we will apparently have to cooperate and work together because neither of us can exercise any kind of executive power over the local population without the other. Some of our roles and functions correspond, and I think we will help and complement each other in our mutual work, which will probably evolve into a form of cooperation leading toward progress.

[Barisic] Is your position related to Goran Hadzic in any way?

[Stanimirovic] Mr. Hadzic was elected President of this District by the Assembly, and his role is strictly political. I might say that my position is the second most important in the District. I work in the executive branch, organizing our life and work and implementing decisions made by our legislative body, the District Assembly. Therefore, there are no significant problems in my cooperation with Mr. Hadzic.

[Barisic] So if I understand your point, you are willing to transfer all power to Mr. Klein?

[Stanimirovic] Let me explain. Our Council's function was purely executive before the Transitional Administration was established and Mr. Klein actually began to take over executive powers. His term is supposed to be a transitional period before the establishment of Croatian authorities. Whether he will take over all the power before the end of his term depends on the upcoming period. That period will show how the entire process will work and what the actual functions of the Council I chair will be.

At present our cooperation with Mr. Klein is quite good, and I think it will remain good. Some people think Mr. Klein could take over all executive power here. Basically we have nothing against such a decision as it would mean that he would take on all responsibility for our people.

[Barisic] What would happen to your executive power in that case?

[Stanimirovic] Our executive authorities would stop functioning if Mr. Klein took over all responsibility, because the police, the judiciary, and everything else would be under his supervision. However, he would still have to work with our people, the people who are here now, in order to accomplish all his tasks. He cannot achieve that with foreigners. There must be some kind of communication; whether it will be on the district or municipal level is for him to decide.

Difficult Economic Situation

[Barisic] What is the economic situation of this region?

[Stanimirovic] To put it mildly, the situation is bad, difficult. We could talk about whether we are to blame or if it is the result of some some higher decisions, if we speak in terms of arrangements made without us. When we came to power here two and a half months ago, we were not prepared for the situation we found. There was a lack of approximately 12 to 13 million dinars in our budget, which is a sufficient description of the problems we have been facing. That is approximately 3 or 4 million German marks, and that is only what we owe to our suppliers, to Yugoslavia, and to our own funds.

The situation was not any better in our services—police and other structures—and there was another great wave of emigration at that time. We can say that a part of the former management supported emigration. A part of the leadership made provisions for themselves in Serbia. Therefore, after Croatia and Serbia agreed to use the oil

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pipeline, certain inappropriate things happened in oil fields; for instance, machinery parts were taken away.

[Barisic] Did you know about that?

[Stanimirovic] It happened without our knowledge or cooperation. Certain arrangements must have been made, and nobody asked us anything. The next problem was the great quantity of lumber that was shipped out—also without our knowledge or consent. That made the initial period very critical for our Council. We were aware that we had embarked upon an uncertain adventure, but most of us are experts—the Council consists mostly of experts—and natives of the District, which gives us a special motive to survive here, especially in Vukovar and Beli Manastir.

We are cooperating well, and we are doing our best to achieve something in this difficult situation. It is difficult for us to ensure at least minimum wages for teachers, police officers, and for those who require social help, etc. Our budget is empty, and funds are not arriving from duties on gas, alcohol, or cigarettes. Even the raw materials that used to come to Vukovar Textile Factory [Vuteks], Borovo Rubber and Footwear Factory [Borovo], and Ilok Textile Factory [Iteks] have stopped. That was before the UNTAES [UN Transitional Authorities for Eastern Slavonia] came.

I cannot tell whether it is a deliberate attempt to pauperize this region and make it economically dependent, or if it is simply that as a consequence of the war, foreign raw material suppliers lack trust in the region and are afraid of not being paid. All those circumstances have led us to a very difficult situation, and we have to work very hard just to survive.

[Barisic] What are your plans and solutions for the situation?

[Stanimirovic] Those big plants—both their structure and infrastructure—are not likely to be reconstructed without big investments from the outside, through loans and privatization. Moreover, oil fields near Djeletovci should begin producing oil again as soon as possible. Gas duties would make a significant contribution to our budget. Besides, life and authority in this region should be established on a legal basis.

The police force should begin to function, and we hope they will. We expect the Transitional Police to do their job the way they should by ensuring public peace and security for everyone's property. Another step toward the solution is good relations with Serbia and Hungary. We should also improve our cooperation with Croatia to establish normal conditions for life in the transitional period. Those are the prerequisites for making a better start, because we think the population here is too small and the natural resources are great, which gives this region a chance for quick rehabilitation.

Big Croatian State-Owned Companies Are Coming

[Barisic] What is your attitude toward the Croatian state-owned and operated companies, which the agreement expects to enter this region?

[Stanimirovic] We are aware that the Croatian state-owned companies will have to enter this region and be represented here. The question is how quickly it should be done. We think it should be done gradually. However, some are of the opinion that it should be done abruptly to get it over with as soon as possible. Such intentions cause significant uneasiness and dissatisfaction among the local population, and we think the transitional period should be used to do it gradually. However, there should be no problems quickly including the state-owned companies of mutual interest: the postal service, railroads, river traffic, roads, and so forth.

As for the local companies, which are now organized on the local level, the local population should be employed there, and the income should stay in the region to give people a chance to make a living. As you can see, it is a question of how to invest and how to start companies, whether to privatize or not, etc. However, we are aware that those issues will be included in the Croatian legal and constitutional system by the end of the transitional period. [Barisic] Which political concept do you anticipate for this region?

[Stanimirovic] Our problem is how to organize the population and motivate them to stay in this difficult situation. We have a certain concept for a kind of district or region within Croatia. Our models for local rights and freedoms are certain European regions. We demand basic human rights—the right to life and education, for instance—and we will insist on having the region demilitarized so our children will not have to serve in the army for a certain number of years. We also want a local information system, which would not be a precedent in the world, nor would it be impossible if there is goodwill on both sides.

If there is no goodwill, it will be difficult to make people stay here. They are resolved, for the time being, to stay here during the transitional period, during the UNTAES term. However, if we are not granted our basic rights, freedoms, and security, this region will never be peaceful, and things will keep happening here that will not be good for either Europe or Croatia. Therefore, we think certain democratic processes must take place in Croatia itself in the upcoming period in order to gain the trust of the people here.

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[Barisic] Which particular steps do you expect the Croatian authorities to take?

[Stanimirovic] First, Croatia must adopt a law on complete amnesty, except for war crimes, of course, which were committed on both sides. It would be difficult to gain trust without that. The last list of 811 persons to whom the Amnesty Law does not apply is ridiculous. There are people on that list who are dead, women who were never here, and, in general, people who have never been in this region. Accordingly, if that list was drawn up based on statements of certain persons, according to their personal dislikes, it would be a problem for the ministry to sign such a list.

Such steps do not contribuue to the atmosphere of mutual trust and belief in democratic Croatian authorities. Therefore, we believe that Croatian authorities should take specific actions both in the amnesty and the return of refugees. We have people here from western Slavonia and from that part of "krajina," and they do not want to realize that they cannot return to their homes while Croatian citizens are about to come here. We agree that Croatian citizens can return to their homes here, but there cannot be two solutions to the same problem.

[Barisic] Perhaps misunderstandings arise from the lack of direct communication between you and Zagreb?

[Stanimirovic] Yes, probably. Talks are going on between Zagreb and Belgrade all the time, and we are mostly excluded. Therefore, I suggest that the problems, which obviously exist, be dealt with first through direct contacts between us and the Croatian authorities. That would be a much better way, and I am sure it would bring a much better result in the implementation of the Erdut-Zagreb Agreement, which ought to be in the interest of both sides.

Croatia: Serb Pensioners Made To Apply for Croat Citizenship

LD1007225696 Belgrade TANJUG in English 2249 GMT 10 Jul 96

[FBIS Transcribed Text] Belgrade, July 10 (TANJUG)—All Serb pensioners who came for their pension benefits in the village of Darda in the Serb region of East Slavonia, Baranja and West Srem on Tuesday had first to apply for Croatian citizenship, a U.N. spokesman said on Wednesday.

Spokesman for the U.N. Transitional Administration in Eastern Slavonia (UNTAES) Yuriy Chizhik told a news conference in Belgrade that of the 175 pensioners who had come for their money, 150 had got it after being checked by Croatian authorities.

The other 25 requests are yet to be processed, Chizhik added.

He said that UNTAES took the view that all those who had earned their pensions in Croatia and had either left Croatia or were living in the Serb region should draw their benefits whether or not they had Croatian citizenship.

The pensions are paid over in the Croatian currency—the kuna.

Spokesman for the U.N. High Comissioner for Refugees (UNHCR) Belgrade office Marwan Elkhoury said that refugee commissioners from the former Yugoslav republics had agreed in Budapest last week that they should coordinate work on the repatriation of refugees.

He said that refugee census figures for the Federal Republic of Yugoslavia were being processed and that results would be known soon.

Elkhoury said that the Belgrade office of the Organization for Security and Cooperation in Europe (OSCE) was working together with the refugee commissariats of the Yugoslav republics of Serbia and Montenegro to prepare the Bosnian elections.

He said that the UNHCR would provide transport for all those who might wish to travel to Bosnia-Herzegovina to cast their votes.

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FYROM: Crvenkovski, Petkovski Meet FRY Ambassador

LD1007165796 Belgrade TANJUG in English 1615 GMT 10 Jul 96

[FBIS Transcribed Text] Skopje, July 10 (TANJUG)—Ambassador of the Federal Republic of Yugoslavia (F.R.Y.) in Skopje Zoran Janackovic and Macedonian Parliament Speaker Tito Petkovski and Prime Minister Branko Crvenkovski assessed in Skopje on Wednesday [10 July] that relations between the two states were good, and that all conditions existed for them to be far more comprehensive and intensive.

Ambassador Janackovic said that their talk dealt mostly with the enforcement of the agreement on the regulation of relations and the promotion of cooperation signed in Belgrade on April 8 by senior officials of the two countries.

Their talk pertained also to the status of the Serbs in Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] and the exercise of their rights in the different domains of life, work, education and information.

The 1994 census showed that 39,200 Serbs lived in Macedonia at that time.

Pointed out at the talk was the significance of the agreement on the opening of air, road and rail traffic, and telecommunications and radio links, said Janackovic and added that presented to the Macedonian authorities was a draft agreement on the avoidance of double taxation.

Stressed at the talk was the significance the two sides were attributing to the intensification of political dialogues between Yugoslav and Macedonian personages, particulary meetings of top leaders, in Skopje as well as in Belgrade.

FYROM: VMRO-DPMNE Leader Predicts Protests

AU0907103896 Skopje NOVA MAKEDONIJA in Macedonian 6 Jul 96 p 16

[Interview with Ljubco Georgievski, leader of the Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity, VMRO-DPMNE, by Zoran Petrov; place and date not given: "It Cannot Go On Like This"]

[FBIS Translated Excerpt] [Passage omitted] [Petrov] At the news conference that was held two days after the parliamentary session on the initiative for a referendum on early elections, you said that you were not surprised by SDSM's [Social Democratic Alliance of Macedonia] view. Regarding the discussions and the voting results, how do you assess the new situation in the Macedonian [The Former Yugoslav Republic of Macedonia—FYROM] Assembly?

[Georgievski] The SDSM as the ruling authority in the last four years has shown itself to be a party of force and repression in parliament, and through its administration it has imposed this characteristic on the voting machinery in parliament. This political party has adopted the habit of violating the Constitution and laws, and after the LP [Liberal Party] had been eliminated from the "Alliance for Macedonia" coalition, it became even more restrictive in its inconsistency. We in Macedonia are simply faced with a very paradoxical situation concerning democracy. We are all aware that the Constitution and laws are being violated, and we feel powerless in fighting this brutal force. This is exactly the image on which they rely—that they can do whatever they want in the state and that nobody can stop them.

When we speak about the situation in parliament, although the LP is in opposition now and the PDP [Party for Democratic Prosperity] has also built an opposition image, the situation in parliament is much more interesting now than it was a year ago when there was no opposition at all. It is a fact that the democratic atmosphere in this aspect is different and the sessions are becoming more interesting. This shows that the parliament has gained in quality, but this is nothing but a form, while the essence is that the whole power is usurped by a party that demonstrates force at every step.

[Petrov] Your initiative on a referendum is now in constitutional procedure. So, what do you expect from the Constitutional Court?

[Georgievski] I do not expect anything from the Constitutional Court. The courts, that is the third authority in the country, have unfortunately fallen to a very low level thanks to the SDSM and to its insatiable appetite for controlling everything. The courts are a part of this controlled situation as well. We know perfectly well how the judges are elected, that is, what the criteria for the candidate list are. The courts are terribly devalued by the government and, to be honest, some judges are also accepting this game. So, I do not believe that a conscientious decision can be taken in Macedonia, particularly speaking of the initiative on the referendum. Just imagine, if the Constitutional Court takes the side of the civil initiative, then the Government must practically resign and announce new elections, and not organize a referendum. I personally do not believe that the Constitutional Court can do anything beyond what it is ordered to do.

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[Petrov] What are the grounds for your prognosis that the political and social tensions will reach their culmination in fall?

[Georgievski] The situation is ripe at this moment as well, but there will not be any radical changes before fall. The summer months and the vacations are politically inert, but the social and economic problems in fall will incite action. I then expect a culmination, and there is no need for deep analysis to be sure of that. In social terms, we have already hit bottom. The situation has gone beyond the limits. If we make a simple comparison—between the life of the Macedonian five years ago and now, the perspective is that there is no end to destruction and therefore the aforementioned assessments are positively true. It is a fact that we still have the possibility of reaching the status of some central African states, but I do not wish to make such comparisons.

Ready for Demonstrations

[Petrov] You have announced that your party is at this moment ready to come out with a more aggressive policy in channeling dissatisfaction. You have announced protest rallies and street democracy.

[Georgievski] You see, we are ready to start to express dissatisfaction at this moment at political meetings, at social demonstrations, or protest rallies against the suspension of the Constitution of the Republic of Macedonia. Our initial concept was to do this together with some other political partners, because we considered this action as appropriate not only for us. However, theother political parties were not ready for such an initiative, so we are forced to leave it for the fall. I would emphasize the fact that the situation has really reached a point of endurance at which measures must be taken to listen to the voice against the government in Macedonia. It cannot go on like this.

[Petrov] I will remind you of another of your statements—if there are no early elections now, by the next elections in two years from now all the political parties will be united on a single platform against the SDSM. Can you explain this?

[Georgievski] I made this statement from the aspect of a realistic situation. I believe that if elections are held this fall, it will be the best solution for what we call an "easy landing" for the SDSM power as a political party, which has now usurped the whole power in the state. If they are counting on regular elections, I am convinced that all the other political parties, particularly the opposition, which are constantly accused by the current government, will have no other choice but to understand that they have a common adversary, and therefore there will be the need to form a common bloc united by a common goal—to remove the SDSM from power.

[Petrov] And to destroy it?

[Georgievski] Normally, this would be the point. There are similar situations in other states as well. Take for instance the example of the Japanese liberals who were ruling for nearly 30 years and lost the last elections by a coalition of 20 parties. Similar situations happen in other states as well, because the ruling parties become so narcissistic that they cannot be replaced in any other way. This has become an impossible situation.

[Petrov] Why do you believe that the ruling power needs early elections more than the opposition?

[Georgievski] If the SDSM agrees to go to early elections at this moment, it is a fact that it can count on some of its voters as a political party that has some serious foundations. This can be, for instance, the old relationship with the war veterans, some parts of the administration, as well as some managers or directors, and so on. This is a respectable voting body and the SDSM can conquer the place that it deserves in Macedonia. However, it is uncertain whether it will be 20 percent or more.

If they continue their mandate for two more years, I believe that the SDSM will lose a great number of its voters. The economic and social catastrophe is turning the SDSM's voters against it. I first of all refer to the middle class citizens, who are increasingly drowning in poverty, I refer to the pensioners who are waiting for two delayed pensions, and in two years will have at least four to five delayed pensions, I refer to the state administration that will have very low salaries in two years, and all this will certainly drive them away from the SDSM. For me, it is a real fact that the SDSM is digging its own grave. If it now hopes to have a number of voters, it will undoubtedly lose them in two years. By then, they will have to use the method of force and forgery in the elections.

[Petrov] You often criticize organized crime in the state which, in your opinion, is backed by the people in authority. So, where do you see these events?

[Georgievski] I can tell you the following: In the mass media, for instance, when they write about crime in the state, the journalists often try to find out who is supporting the numerous illegal activities. They usually deal with trivial criminal manifestations. They speak about smuggling, about the gray economy, organized crime, and very little about who is supporting or producing this. Well—it is the people in authority. This is the author of these events.

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The first possible dimension of crime organized by the government is the classical plundering in the budget. I personally guarantee to you that in every public acquisition or order, regardless of whether it is for ordinary writing paper, a telephone center, the operation of new identity cards, construction of the railroad, devices for the power plant "Kozjak," there is always the principle of 10 percent that goes into the pocket of the minister or his associates. This is the basic crime that produces and urges other forms of deviation. So, we have a merciless plunder of the budget.

The second dimension of organized crime works through the plunder of state-owned companies. We all know the machinations in this field. The problem is that the government does not have an interest in putting an end to organized crime in the state. Why? Because it itself is producing it and profiting from it. I amconvinced that an ordinary inspection will shortly depict all ill-deeds and speculations that are being performed in this sphere. The problem is exactly because this government does not have the wish to do so.

Macedonia Needs Another Referendum

[Petrov] Your criticisms are mainly related to the government's foreign policy, saying that there is a tendency for rapprochement with the FRY, after which Macedonia will become a Serbian region of economic and cultural autonomy. Is it true when you say that this process may cause a civil war in Macedonia?

[Georgievski] Look, I will start from the disintegration of the Alliance for Macedonia. In the accusations against the Liberals, the SDSM was actively using the trump card that they were too much inclined toward Serbia. Later, in discussions with ambassadors and foreign politicians, we were often asked the same question. This means that the SDSM was working on the foreign plan on persuading the partners that the main advocates of rapprochement to Serbia were the Liberals. Why do I say this? Because after the disintegration of the Alliance and the position of the SDSM as uncontrolled power in the country, there started a fierce and fast process for pushing Macedonia into the "brotherly" arms of the northern neighbor. This process has now become very apparent. There are now explicit discussions about a customs union with Serbia, they have even announced the term when it is going to be established.

As a leader of a patriotic party and as a person that has been persuading the Macedonian nation that we need an independent state, I experience these reactions very intensely, because today when I see the internal situation in Macedonia I keep wondering whether the project of Kosta Novakovic is becoming true, who advocated the creation of the form of the name "Macedonia" and "Macedonian," but with Serbian connotations. The present atmosphere confirms this—the form has been satisfied, as well as the connotation. This is tragic. The patriotic forces in Macedonia are still very strong, particularly because they do not want Macedonia in Serbian arms. So I am sure that any action of the Government or of Kiro Gligorov for associating Macedonia with Serbia will provoke fierce reactions from either individuals or organized groups in Macedonia.

So, only one thing remains—a current question that we have to raise even after five years of struggle for independence: Does the Macedonian really need his own Macedonian state? Seeing what is going on, I personally believe that Macedonia needs another referendum. To give the citizens a chance to say whether they want an independent state or not. If not—let us accept the concept of a third Yugoslavia, let us buy ourselves a Serbian cap and let us adjust to the new situation.

[Petrov] You often comment that relations with Russia are neglected. What is your alternative?

[Georgievski] We criticize this concept. In the last six years, we as a party have constantly warned the Macedonian people that this government, led by Gligorov, permanently releases balloons that soon burst. This was like, for instance—saying on Thursday or Friday Europe will recognize us, then being given so many slaps by the same Europe. The last balloons—that we are very close to the European Union, that we have just been admitted into it, that it is a question of the day when we will be accepted by NATO—and so on. Nevertheless, as I said, these balloons have started to burst and it is possible to see the naked truth instantaneously. Recently we had to swallow the bitter pill from Brussels and the European Union, and it is still unclear whether Macedonia has really signed an agreement with the European Union or not. My sources say that nothing has been signed.

There is one thing that is clear: Macedonia in its foreign policy has two basic orientations—to aspire to the European Union and NATO. However, here comes the question—if we want this, but love is not returned, what will Macedonia be doing in 10 to 15 years on the economic, political, military, and defense plan, before it is associated to this institution? This is the reason why VMRO-DPMNE, which is becoming more active—has to be cautious, that we have to refrain from neglecting the East, because obviously our strong love for the West does not receive an appropriate response. On the contrary, the facts say that we will have to spend a long time in the antechambers of NATO and the EU. We request more moderate statements than are so

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often delivered, which imperil our relations with the East. Whether we like it or not, we have to cooperate with many eastern countries, particularly with Russia while we are awaiting to be admitted to NATO or the European Union.

[Petrov] Let us go back to domestic affairs—if VMRO-DPMNE comes to power, will it revise some projects?

[Georgievski] Which projects do you have in mind? This government does not have any projects at all. This is the only government in the world that does not even formally come out with projects, let alone work on them. It is a fact that this government has only one, so to speak, project, which is privatization. On this "Government project," VMRO-DPMNE has its views that it has so many times expressed in public. We believe that the way in which privatization is being carried out in Macedonia will not stimulate production, and in addition, the successful companies that placed Macedonia among the medium-developed states, have now been destroyed, and we as a state are approaching the countries of the Third World. This situation is equivalent to a national disaster, which normally causes concern with every rational individual. The only success of this government project on privatization is the maximum stimulation of plunder of national wealth, so that it is indispensable to revise this field. I am sure that whatever party tomorrow replaces the SDSM will do this.

Change of Strategy

[Petrov] In the past period, you used to accuse the police frequently, saying that it was actively causing the disintegration of your party. Do you still hold the same opinion? Now that VMRO-DPMNE is an extraparliamentary opposition, is the situation different?

[Georgievski] VMRO-DPMNE has been the target of the government since its formation simply because—after the first elections, we were the most serious political adversaries of the SDSM. Actually, these activities of the state security services have never stopped. Now the SDSM has other political adversaries—the Democratic Party and the Liberal Party. The activities of the SDSM police are directed against three parties, and therefore they are disseminated. In a way, this is a relief for us.

[Petrov] Do you still hold to the strategy that was promoted at your Congress in Kicevo on moderation and pragmatism in the political struggle?

[Georgievski] It is a fact that a year and a half after our Congress we are implementing a substantial change in our image that everybody has noticed. After the second, manipulated elections, we changed our manners and style, and today we can say that VMRO-DPMNE has been transformed into a peaceful party without radical statements, trying to change the method of communications, with the aim of attracting new voters and fans. Now, after a year and a half of this experience, we are able to see the flip side of the coin in our new attitude. It is true that we have attracted more fans—in the mass media, among the international factors that are now accepting us in a totally different way, which is all right. The bad side is that SDSM likes this VMRO-DPMNE attitude more and more because it does not experience us as a strong adversary, but a party that has accepted the government's activities even if it is unscrupulously violating the Constitution, as was the case with the civil initiative.

This situation certainly forces us to reconsider our strategy. Our wish for democratic dialogue and political dialogue has been tricked twice already. This will have to be stopped.

[Petrov] You have frequently been asked whether VMRO-DPMNE was wrong to boycott the elections in 1994.

[Georgievski] If we had gone in the second round [of voting], we would certainly have 15-20 members in parliament. The question of whether we were wrong or not always remains open. It is a fact that we as a party are suffering great damage because we are not present in parliament, even with just 15 people. However, this is not the only issue. It is not a question of entering the government as the only goal, but as a means. It has to do with principles and scruples. In this state in 1994, there was a state fraud. We were choosing between two evils. Whether to go to the second round, and thus accept the game and the fraud, or to stick to our principles and boycott the elections. As you know, we chose the latter solution and we were not wrong.

[Petrov] In a few months, there will be local elections. Are you ready for them and what is your opinion of the law on local elections?

[Georgievski] The VMRO-DPMNE will compete in the local elections, and it is preparing. We have seen the new law on local elections, and I can tell you that this law again facilitates fraud in the elections. I do not wish to discuss some matters about the law concerning principles—whether a majority vote system for a mayor is needed, or a proportional one for the advisers. These are questions of principle. The main problem in this law is again the problem of organizing the elections and the technical procedures. In Macedonia, the way in which the elections were manipulated in 1994 has now been practically copied down. The opposition does not have any control over the process of organization

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and implementation of elections in Macedonia. So, the doors to local persons of power from the SDSM are reopened for creating a disastrous situation in the state. We had the opportunity to see the law and if some changes are not made I believe that the local elections will be manipulated as well. In the SDSM, they will have to realize a very simple thing—there will be either democratic and fair elections in this state or they will have to rule by themselves and by force, power, and dictatorial position.

[Petrov] Finally, I would like to ask you a personal question. As a politician, what have you learned over the last five or six years and how can you define your political development?

[Georgievski] I think that it is not appropriate for me to speak about this because it is very personal. It is also very difficult for me to speak about my own political development because I do not believe that a person can be objective in making personal assessments. It is a fact that I have been active in Macedonia's political life to what is said to be the highest degree. I have actively participated in the most critical moments that this Macedonian generation has faced, and this experience cannot be bought. This is my personal investment.

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Poland: Further Assessment of Kwasniewski's U.S. Visit

WS1207104896 Warsaw RZECZPOSPOLITA in Polish 12 Jul 96 p 5

[Commentary by Kazimierz Dziewanowski: "Taking the Measure of Each Other"]

[FBIS Translated Text] President Kwasniewski's working visit to the United States has ended. It was a difficult visit. First of all, the timing was not very fortunate. It took place immediately after the Russian elections, the outcome of which was greeted with satisfaction in Poland and the United States but that caused the situation in Russia to become very unclear. There are plenty of reasons for concern—from the victor's health to the new outbreak of fighting in Chechnya. The visit also coincided with the visit of new Israeli Prime Minister Benjamin Netanyahu, whose policies are viewed with apprehension in the United States and on whom the U.S. media focused their attention. Reporters also closely watched the developments in Ireland, which is understandable in the United States.

President Kwasniewski had a difficult task for other reasons as well. Many U.S. politicians (and certain Polonia groups) assess his past and his victory with reserve. What he would say was therefore very important. One must not forget that former President Lech Walesa remains a very popular figure with many Americans, often more popular than he is at home. Kwasniewski's job was made no easier by the tension that recently appeared in Polish-Jewish relations, particularly on the issues of Auschwitz and the Kielce events of 50 years ago.

On the most important issue—the trends of Polish foreign policy, its pro-Atlantic and pro-European orientation—Aleksander Kwasniewski spoke firmly and clearly. I think that if anyone had any doubts on the other side of the Atlantic, they have been dispelled. That is very good.

The Americans did not raise any new issues. Yet no one expected them to. That will probably come at the end of the year. We do not know, of course, what the two presidents spoke about in the Oval Office at the White House. Diplomatic protocol does not allow for one of the partners to recapitulate the talks on his own; this can be done only in a joint statement or at a joint news conference. From what we do know, however, the talks were fruitful.

The talks with representatives of Jewish organizations in the United States were probably fruitful as well. The statement made by Miles Lerman, director of the Holocaust Museum, a very respectable man well-disposed toward Poland, allows hope that the tensions will disappear, to the benefit of both sides.

Although the visit did not bring results in the form of agreements or declarations (I wish to repeat that no one expected them), it had an outcome that is of huge importance in politics and diplomacy: the two politicians got better acquainted, reached deeper understanding and, to use an undiplomatic expression, took the measure of each other. This is not without significance and might bear fruit in the near future.

Poland: Kwasniewski on Returning Property to Jews

LD1107202396 Warsaw Polskie Radio First Program Network in Polish 1700 GMT 11 Jul 96

[FBIS Translated Text] President Aleksander Kwasniewski has rejected allegations that Poland is making too many concessions to the Jews. He declared that during his meetings with Jewish communities in the United States he had said openly that not only could there be no question of returning private property to Jews, but, in Poland, the country with the greatest shift in its borders after the war, any larger-scale reprivatization operation was impossible.

[Begin Kwasniewski recording] I gave them a simple example. I was born in the Western lands, in a house that was probably built some time in the past by some German. They speak about their houses left behind in Rzeszow, Kielce, Skarzysko, Ostrowiec, Plonsk, Mlawa, and so on. My mother had a house in Vilnius. If anyone knows how to solve this political, geographical, legal, psychological, and social puzzle, he is welcome to it. I believe that the solution to this puzzle today certainly exceeds the abilities of politicians or, I think, anyone at all. And these arguments do get through to the Jewish communities. They understand that today it is much more important to recover the places that constitute their historical and cultural property, such as cemeteries, religious facilities, and so on. And this, I believe, will be done through the bill submitted by the government to the Sejm. There is no question whatsoever of other concessions because these subjects no longer exist and are not being debated. [end recording]

Poland: Right-Wing Parties Protest Proposed Defense Reforms

LD1107211196 Warsaw Polskie Radio First Program Network in Polish 1700 GMT 11 Jul 96

[FBIS Translated Excerpt] The Patriotic Camp is against the new charter of the National Defense Ministry adopted by the government. Politicians from the Patriotic Camp, which is a confederation of several right-

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wing groups, believe that the new structure of the department is against the law.

They are against: the removal of command functions from the General Staff; the separation from the defense department of the Military Intelligence Services' Inspectorate; the abolition of the education directorate at the General Staff; and the establishment of three new departments in the civilian part of the ministry. [passage omitted]

Deputy National Defense Minister Andrzej Karkoszka disagrees with the Patriotic Camp allegations against the new charter of the ministry. He maintains that the new departments were set up because the number of tasks faced by our Army has grown.

[Begin Karkoszka recording] The expansion of the civilian structure by three departments is first and foremost connected with the fact that things that at one time were the subject of planning and discussion in Moscow, in the Warsaw Treaty, now have to be dealt with by us ourselves. We ourselves have to determine the issue of the so-called threat or risk level faced by the state. We ourselves have to determine the trends, be they good or bad, that are manifested in our international environment. We ourselves have to determine where our security interests lie. [end recording]

Poland: PSL Obstructs Center Reform Project in Senate

WS1107121496 Warsaw GAZETA WYBORCZA in Polish 11 Jul 96 p 3

[Article by Joanna Koral: "Conflict Over Center Reform Continues; the PSL Is Not Giving In"]

[FBIS Translated Text] *The Polish Peasant Party [PSL] does not want the prime minister, on his own, to define the prerogatives of the ministers in the future. Yesterday, late in the evening, the Senate did not even begin to vote on amendments to laws reforming the state administration and economic center.*

The fate of the center reform project adopted by the Sejm in June is uncertain. The reason is the PSL's refusal to approve an amendment to the small constitution, which is absolutely crucial for the reform. The amendment provides that the prime minister himself is to decide the scope of the ministers' powers (this is currently regulated by law). The constitution and the ministers' nomination act would outline their responsibilities, the prime minister would delineate them in greater detail. The PSL voted for the amendment in the Sejm, but in the Senate it is protesting such a great amount of autonomy for the prime minister.

Last week, when the Senate tried to carry out the first vote on the reform project, there already was a stalemate: The Senate neither adopted nor amended nor overruled the amendment to the small constitution. The problem has thus appeared of whether the remaining 10 laws within the reform project can be voted on without passing the amendment.

Senate commissions yesterday decided this was possible, though the experts they consulted had different opinions. At 2200 the Senate could therefore begin voting on nearly 200 amendments to the laws. It decided to hold the vote today, however, arguing that the amendments were not prepared properly.

Immediately before the planned vote, the issue of the amendment to the constitution came up once again. PSL senators, having spoken with PSL Chairman Waldemar Pawlak, asked for a renewal of the debate, in the course of which they suggested their amendment to the constitution: that the prerogatives of ministers be specified not by the prime minister alone but also by the entire Cabinet.

Senator Henryk Makarewicz (PSL), who presented the suggested amendment, said: "Even if we have a prime minister from the PSL, we will still be against because we do not want a semidictatorship."

The PSL politicians rebutted criticism that they were hampering the administrative center reform in order to secure as many posts as possible in the reformed government (it is widely known that the PSL politicians did not succeed in reaching an agreement with the Democratic Left Alliance on the division of future positions). They warned that the principle of flexibility in forming a government might lead to a "proliferation" of ministers.

Minister Marek Pol, the government plenipotentiary for the administrative center reform, explained that the fears were unsubstantiated. "The fact that the prime minister will define in detail what the ministers do does not mean he will be able to shuffle them around like pawns from one ministry to another," he said. He appealed to the Senate to finally make some decision.

In consideration of the amendments suggested by the PSL, the Senate yesterday submitted the amendment to the small constitution to the relevant commission.

If the Senate fails to settle the issue of the amendment by 22 July, the Sejm-approved version will be submitted to the president.

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Poland: Solidarity Leader Names Conditions for Joining AWS

LD1107202296 Warsaw TV Polonia Network in Polish 1730 GMT 11 Jul 96

[FBIS Translated Text] After a meeting today of the 25 groupings that constitute Solidarity Election Action [AWS], Solidarity leader Marian Krzaklewski said that he supports the Movement for the Reconstruction of Poland [ROP] and the Non-Party Bloc in Support of Reforms [BBWR] becoming members. He ruled out a coalition with the Freedom Union [UW].

Those taking part in the meeting said that AWS, which includes Solidarity, the Confederation for an Independent Poland [KPN], the Christian-National Union [ZChN], and the 100 Movement [Ruch 100] as members, will become an alternative for the SLD-PSL [Democratic Left Alliance-Polish Peasant Party] coalition capable of wresting power from it. Groupings that accept the Solidarity program can join AWS, said Marian Krzaklewski. He named ROP and BBWR, which had earlier criticized AWS and had said that they will not join it. The Solidarity chairman promised that the parties that join AWS will be able to influence its policies and decisions.

[Begin Krzaklewski recording] The formulation of AWS itself does not discredit any groups that join it. These are the assumptions on which AWS is based. [end recording]

The role of Lech Walesa was not discussed, and the distribution of places on electoral lists was not determined.

[Begin Krzysztof Krol recording, KPN deputy] First of all, it is necessary to build a strong electoral coalition and only when this has happened can one talk about seats in parliament. [end recording]

Marian Krzaklewski declared that he could not see any prospect of a coalition with UW, which has a different program from that of the union, especially with regard to the constitution. We have learned unofficially, however, that the participants in an earlier meeting of the five strongest groupings of AWS did not rule out cooperation with what they called the Christian-democratic wing of the Freedom Union.

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Romania: Iliescu, Vacaroiu Meet With Slovenia's Kucan

AU1107065896 Bucharest Radio Romania Network in Romanian 1600 GMT 10 Jul 96

[FBIS Translated Text] Milan Kucan, president of the Republic of Slovenia, who is visiting our country, met this morning with Romania's President Ion Iliescu to preview the first round of talks. Their official delegations then joined the talks. On this occasion the sides discussed the development of bilateral relations in the political and economic fields. They also examined the latest political developments at regional and international levels.

In the afternoon, President Milan Kucan laid a wreath at the Monument of the Unknown Hero in Liberty Park. Afterward, the head of the Slovene state met with Prime Minister Nicolae Vacaroiu and visited the Parliament Palace.

Later today an official dinner will be hosted by President Ion Iliescu in the honor of the high-ranking guest.

During the meeting with Prime Minister Nicolae Vacaroiu, the Slovene guest said: because our economies complement each other, favorable premises exist to cooperate in many fields, including third markets. He also emphasized the possibility of expanding cooperation between Romania and Slovenia at the level of international political and financial bodies.

The head of the Romanian Government emphasized that finalizing a bilateral legal framework that is favorable to direct cooperation between Romanian and Slovenian businessmen will contribute to dynamic bilateral cooperation, not only in the trade and economic fields, but also in tourism, culture, health, and road and air transportation, a communique received from the government reads.

Romania: Cernavoda Reactor Connected to National Power Grid

AU1107204796 Bucharest Radio Romania Network in Romanian 1900 GMT 11 Jul 96

[FBIS Translated Text] The first connection between the generator of unit number one and the national power grid was achieved today at 1822 [1522 GMT] at the Cernavoda nuclear power station.

The finalization of this important stage of the first nuclear reactor project, worked out by Romanian, Canadian, and Italian experts, was preceded by sustained activity over several years, during which all the necessary installations were perfected.

Therefore, from tonight, a part of our country's electricity is being produced at Cernavoda on the basis of nuclear energy.

The transition to the commercial exploitation of Nuclear Unit Number One will be achieved in the last quarter of this year, our correspondent Constantin Lamba has informed us.

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Slovenia: Kacin Optimistic About NATO Membership Prospect

AU1107143496 Ljubljana Radio Slovenia Network in Slovene 1330 GMT 11 Jul 96

[FBIS Translated Text] At a session of the parliamentary committee for international relations, which today again failed to achieve a quorum, Defense Minister Jelko Kacin said that yesterday's second round of talks on Slovenia's rapprochement with NATO in Brussels had been extremely creative.

The conclusive part of the dialogue will take place at the end of September. The decision on expansion will be made in December.

The defense minister stressed that Slovenia met all the criteria for membership and that optimism was thus not without justification.

Slovenia: Oman Discusses Arms Deals, Implicates Kucan

AU0407124496 Ljubljana DELO in Slovene 29 Jun 96 p 31

[Article by Vladimir Vodusek in the "Portrait of the Week" column: "Nicholas Oman"]

[FBIS Translated Excerpt] The problem of Nicholas Oman actually starts with his name. In some media he appears as Nicholas, others add Aleksander, while others still simply call him Niko. He was baptized Nikolaj Oman and comes from Podkoren, where we was born in October 1943. [passage omitted]

The German DER BILD has linked him to Vladimir Zhirinovskiy, the KGB and other secret services in the East, Italian Mafia investigators, secret Italian and English masonic lodges, and the Vatican. In short, Oman is a sort of 007.

Although he has some very high-up connections—he reportedly mediated between the Vatican and Karadzic in Pale, for which he will supposedly be summoned as a witness to The Hague—the role of Nikolaj Oman has definitely been overly mystified in the media.

Apart from his reputation of an international arms trafficker with the best of connections, following the Check to Check investigation, he also gained the reputation of being a notorious osmium dealer and a man who launders money and trades in strategic elements.

When we visited him in Grimsce Castle near Bled—which he purchased in 1991, for which he was summoned for talks by Security Intelligence Service Chief Miha Brejc, and which won him the title of lord of the manor—we asked about his life story. He said it read like a novel and he was right. [passage omitted]

As for his international connections, he says that these involved "the highest of levels," but in the West, he adds. As he says, he was constantly visiting Yugoslavia, three to four times a year, especially when he was the first adviser to the king of Saudi Arabia.

When he returned to Slovenia in August 1991, he was already "a pro." [passage omitted]

Slovenia was unable to purchase arms, and Oman offered good services. "When one gets involved in such things, one works with a circle of people whom one trusts absolutely." He expected that everything would remain a state secret. "However, I worked with a circle of people whom I did not know. It went like this: Now we meet, and now we will import arms for Slovenia. It took some time before we trusted one another. They wiretapped me, they checked who I associated with, what I was doing, where I was, and so on, to see if I was clean. At the time, however, there was very little 'choice,'" Oman ponders, using the English word and then remembering the Slovene translation—very little choice. "You had all those small cars, kitchens that were all the same, and plenty of dinars. However, one could not even buy a kilogram of potatoes in Austria, let alone weapons, and when one had a substantial quantity of arms, one had to hide them somewhere. All this required German marks, solid foreign currency. I had the initial capital, the initial precondition, and they gave me Yugoslav dinars, not German marks. I accepted it as a form of payment when they had nothing else, because they first had to dress and feed themselves once they crossed the border."

Oman changed dinars in agreement with a private bank in Croatia. The first precondition for all future jobs was that Slovenia would purchase 1 million gas masks. Oman claims that he still has not been paid for them.

"First, the two ships carrying the masks arrived, which was a terrible and enormous deal. I hoped that they would get lost in the Adriatic or that the Italians would sink it all, but they arrived. That was the guarantee, and then things opened up. The moment the first shipment of weapons arrived, worth, let us say, $9 million, it was sold at 100 times the price. At that time, people paid 10 times the price of a rifle. They would sell a cow or an ox to buy a rifle. Overnight people would make 100 million out of 10 [currency not specified]. After that, they had the currency to lay down 5 or 8 million for future purchases. Let one of them say where exactly they got the money from," Oman rants. When asked where he obtained the information that they received $200 million from the budget, he says that this was done by mortgaging our companies abroad.

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"Once things started moving, a special group of people emerged. They cut loose all those who did not want to be in it. The team of the old Security Service remained. These security service people had all the connections, knew all the generals, knew absolutely everything. They were the only capable ones. Who else did anything? Drnovsek was nowhere near it then, but Mr. Kucan definitively was, he was absolutely in it, he was the one who decided. As far as I am concerned, he can remain the president for life," Oman adds. "At present, I am actually their number one enemy because I betrayed them when I worked for the police and provided arms to them. Among the police, only Kosi was 'stupid' enough to distribute the arms to the policemen. From that moment on, they all went berserk."

Oman frequently mentions Ludvik Zvonar and Franci Kosi, as well as Jelko Kacin and Milan Kucan among the politicians. He says of Jansa and Bavcar that "these were two young men who got involved, but they had no idea about anything and, above all, became dazzled and corrupted by the big money."

In none of his public appearances does Oman forget to mention that he should be left alone. This always sounds like a threat to the politicians, whom he, in a way, holds hostage as a sort for shield since he had appeared in the domestic media for the first time in 1994, labeled as the arms trafficker.

When asked how valuable these jobs were, he says: "I have all the documents that clearly indicate the quantity of arms involved. Somebody must have these missiles, and if these missiles and weapons are gone, then they must have the money. We all know this, and it is no big deal at all." "Matters turned against Slovenia—against the Slovene leadership. Europe suddenly realized that something big had happened here. I am being asked whether I would be willing to testify in the Hague tribunal. They will demand witnesses who will tell how the arms were sold on to Bosnia and Croatia. The entire story revolves around this, and that is precisely why they are trying to implicate me. There was a whole network of implications at my expense. If one is in the government, then one has the Interior and Foreign Ministries at his disposal, one has Interpol, and who is Oman that he could not 'be blown off'?" Oman explains the entire matter as a plot and a conspiracy against him.

Oman generally prefers to speak about everything he did for Slovenia rather than the charges that the Italian judiciary have leveled against him.

Regarding the bank safe in Italy, he says he was never in it and did not open it. The safe was opened by his son in his name. As for osmium, he says it is an expensive element used in the electronics industry. It is not radioactive, but it is also used in the nuclear industry.

"One can also use it for screws in nuclear weapons. If one puts them inside they will explode," Oman says. He purchased and sold Italian lira in Banca di Roma every year. He says that none of his actions was criminal, and that his main objective was to speculate with the lira.

"The only thing that could be called criminal is what I did for Slovenia, when I exposed myself. After I delivered that ship to the police, they signed an agreement that they would have no more dealings with me and, since then, I have not taken part in anything.

As it seems, Oman is determined to play the role of independence fighter—a victim who has problems in other deals because he mediated in the purchase of Russian arms for Slovenia—until the end. Of course, it is possible that Oman charged for the services he rendered the state by demanding protection against legal prosecution.

According to Oman, the Check to Check operation is nothing but the ingratitude of the state. The state has now closed both eyes and taken Oman under its protection, but he complains that he was not invited to celebrate the fifth anniversary of independence.

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Federal

FRY: Milosevic, Spring Discuss Region, FRY-EU Relations

LD1107215496 Belgrade TANJUG Domestic Service in Serbo-Croatian 2038 GMT 11 Jul 96

[FBIS Translated Text] Belgrade, 11 Jul (TANJUG)—Serbian President Slobodan Milosevic this evening received Dick Spring, the foreign minister of the Republic of Ireland and president of the EU Council of Ministers, who arrived on an official visit to the Federal Republic of Yugoslavia, accompanied by Hans van den Broek, EU commissioner for Foreign Affairs.

They exchanged views and information on the most important political issues of interest for the strengthening of peace and stability in the Balkans and of relations between the FRY and the European Union.

The importance of a continuing political dialogue between our country and the EU and its members states was emphasized; the FRY expressed its support for the regional approach of the EU to relations with countries of the former Yugoslavia, which should ensure their equal treatment and affirmation in the course of their joining the European institutions.

It was pointed out that the FRY had consistently pursued policies of peace and actively contributed to strengthening the international stability, and this constituted the basis for its equal participation in all the international organizations of which it is a member.

With a view to the neutral position of Ireland, which chairs the EU, the expectation was expressed that Ireland will support the reaffirmation of the equal position of the FRY in the international community.

FRY Foreign Minister Milan Milutinovic attended the talks.

FRY: Milutinovic Holds Talks With Spring, van den Broek

LD1107234896 Belgrade TANJUG Domestic Service in Serbo-Croatian 2122 GMT 11 Jul 96

[FBIS Translated Excerpt] Belgrade, 11 Jul (TANJUG)—Today's talks between Federal Foreign Minister Milan Milutinovic; Dick Spring, president of the EU Council of Ministers; and Hans van den Broek, EU commissioner for foreign affairs, confirmed the joint support for the consistent and full implementation of the Dayton and Paris agreements and the basic agreement on SBO [expansion unknown] as they opened up the path to lasting peace in the region, the Federal Foreign Ministry said in a statement this evening. [passage omitted]

Full support was expressed in particular for the holding of free and democratic elections in Bosnia-Herzegovina on 14 September as a turning point crucial for the complete success of the peace process and the stabilization of the whole region.

It was pointed out that it is necessary to intensify preparations for the elections so that they might be held in democratic and equal conditions for all the parties and participants. It was also said that freedom of movement must be improved, as well as equal access to the media by all the runners in the elections campaign. A precisely drawn program, organization, qualified observers, and material conditions are also needed. The elections will bring new leaders to the political scene and forces of peace, tolerance, and development, the Foreign Ministry statement says.

It was said that equal treatment of all the parties to the conflict and equal distribution of funds for the reconstruction of Bosnia-Herzegovina are important for the building of trust and lasting stabilization in the region. The speedy economic reconstruction and development of all parts of Bosnia is a very important basis for the peace process in general.

Particular attention in the talks was attached to cooperation in the region and the possibility of improved cooperation between the FRY and the EU.

The Yugoslav side laid emphasis on the importance of a faster reconstruction and the full normalization of economic and trade relations with the EU, especially the equal application of EU trade measures to all countries in the former Yugoslavia. In this respect, the two sides expressed the hope that the EU—as a first step towards promoting economic relations with the FRY—would apply "positive trade measures," that is, reinstate Yugoslavia on the list of users of the general preferential scheme and allow it to draw funds from the PHARE [Poland-Hungary—Actions for Economic Reconversion] program and from the European investment bank.

Drawing attention to the fact that an agreement on cooperation would be the best way to achieve this, the Yugoslav side suggested that expert talks be organized on these and other questions concerning our relations with the EU. [passage omitted]

The FRY contributes to the realization of EU support for Balkan cooperation with the normalization of relations between the FRY and the former Yugoslav republics and the development of good-neighborly relations and cooperation in the Balkans.

Ministers Milutinovic and Spring separately discussed bilateral relations. They both agreed that conditions

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existed for the speedier development of mutual relations and singled out specific activities which should be launched in order to promote economic, scientific-technical, cultural, educational and other forms of cooperaion between the two countries.

FRY: Envoy Says Hague Decision 'Politically Motivated'

LD1107193996 Belgrade TANJUG in English 1739 GMT 11 Jul 96

["Pool" item; all names as received]

[FBIS Transcribed Text] The Hague, July 11 (TANJUG)—The charges d'affaires of the Yugoslav Embassy in The Hague, Djordje Lopicic, described on Thursday [11 July] as politically motivated the decision of the War Crimes Tribunal in The Hague to declare itself competent as regards charges by the Sarajevo Muslim government against the Federal Republic of Yugoslavia.

The War Crimes Tribunal on Thursday decided after a majority vote to declare itself competent regarding Muslim government charges that Yugoslavia had violated the 1948 Geneva Convention.

In March 1993, the Muslim government raised charges against the Federal Republic of Yugoslavia for 'aggression, war destruction and inspiring ethnic cleansing' in the war in Bosnia-Herzegovina.

Differing from the tribunals' majority position were Judge Shigeru Oda from Japan, Judge Shi Jiuyong from China, Judge Vladlan Vereshchetin from Russia and Milenko Kreca, a professor from the Belgrade School of Law who was involved as the representative of one of the sides in the dispute.

Remarks in special documents were made by Judges Mohamed Shahabudden fron Guinea, Christopher Weeramantry from Sri Lanka and Judge Gonzalo Para-Aranguren from Venezuela, but they voted with the majority.

Responding to the charges, a group of Yugoslav experts taking part in the proceedings in late April and early June provided proof that Yugoslavia had in no way taken part in the conflict in Bosnia where, even the international community admitted that the Muslims, Croats and Serbs had fought a civil war.

The Yugoslav lawyers denied the Sarajevo government the right to invoke a convention whose member it had not been at the time of raising the charges. they denied Alija Izetbegovic the right to represent Bosnia-Herzegovina since he had not been legally elected as its president, and thus the authority of the tribunal in this case.

The tribunal's president said that the decision about further proceedings in this case would be made later.

FRY: PM Kontic Notes International Appreciation of Belgrade

LD1007191896 Belgrade TANJUG in English 1846 GMT 10 Jul 96

[FBIS Transcribed Text] Belgrade, July 10 (TANJUG)—Yugoslav Prime Minister Radoje Kontic told a press conference here Wednesday that the Federal Republic of Yugoslavia is increasingly being appreciated in Europe and the world for its contribution to the reaching and application of the peace ageement for Bosnia-Herzegovina.

Kontic positively assessed the participation of a Yugoslav delegation he had headed at the summit of Central and East European countries in Salzburg. He said that the summit had expressed expectations that in the coming period Yugoslavia would play a key role in strengthening peace and stability in the region.

'The summit often said Yugoslavia was the guarantor of security in the territory of southeast Europe,' he said.

Kontic said that at the summit, attended by more than ten heads of state or government, certain statements had reflected discord and the failure to comprehend the situation in the territory of the former Yugoslavia. However, of importance is the increased readiness of all to support Yugoslavia's return into international political and financial institutions and its participation in subregional and regional cooperation in Europe, he said.

Kontic underscored that the summit agreed that the sanctions should fully be lifted, especially their 'outer wall' since this could prevent Yugoslavia from being a factor of peace and stability in the Balkans, as the international community expects.

Kontic said that the Yugoslav delegation had presented very successfully Yugoslavia's economic abilities and informed foreign delegations and businessmen about its new economic system and the recently adopted organic laws.

According to Kontic, businessmen from central and East European countries, as well as those from the West, have shown great interest in cooperation with the Yugoslav economy.

Yugoslavia is very interested in normalizing relations with the European Union 'in a positive and pragmatic' manner, Kontic said.

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The conditions posed by E.U. for normalizing relations do not present a problem, as E.U. requests are in fact identical with Yugoslavia's goals and with the stance of its government, Kontic said, noting however that such tasks and goals cannot be achieved overnight as many things are beyond the control of the Yugoslav side.

Kontic cited as example the request for normalizing relations with the new states in the territory of the former Yugoslavia, underlining that Federal Republic of Yugoslavia had done all it could and that it was now up to others to act.

FRY: French Stand on Balkan Settlement Viewed

LD1007162696 Belgrade TANJUG in English 1545 GMT 10 Jul 96

[Report by Momcilo Pudar]

[FBIS Transcribed Text] Paris, July 10 (TANJUG)—France backs up the stand that Europe belongs to all Europeans and that the door of the European Union (E.U.) is open to all of them, as is shown in the latest speeches by President Jacques Chirac and Foreign Minister Herve de Charette.

Completely complying with this stand, as French papers said on Wednesday, there is the Federal Republic of Yugoslavia (F.R.Y.), which was clearly emphasized also at the economic summit of southeastern European countries which ended in Salzburg on Tuesday.

The F.R.Y. delegation in Salzburg, as was made public in Paris, specified that Belgrade wanted to contribute to the comprehensive European cooperation, stressing that its phased inclusion into the continental togetherness was desirable, first by way of an agreement on cooperation, then an agreement on affiliated membership, and, finaly, its admission to the E.U.

The F.R.Y. is ready to take part in all integration processes in Europe, just as it is committed to the endeavours to use dialogues in order to resolve all problems, and just as it wants to help ensure inter-state cooperation. This is the gist of the stand advanced in Salzburg by Yugoslav Prime Minister Radoje Kontic and Deputy Foreign Minister Radoslav Bulajic.

In stressing the indispensability of "building up a new Europe," President Chirac held that it was absolutely necessary to develop a new system of continental security, to strengthen and expand the E.U., to secure "a European social welfare model," to provide for economic links, and to build up democracy and diversified partnership with Russia.

None of the European states may be excluded from this process, and, knowing that the Balkans is an exceptionally important strategic area as regards the stability and security of the entire continent, France would invest efforts towards settling the inter-state relations in this region, especially in the areas of former Yugoslavia—it is the firm stand taken by Paris.

At this point, the French government found it very important for all the E.U. governments to settle their diplomatic relations with the F.R.Y.

Yet Paris warned that there still remained a lot to be done to have the situation in the Balkans settled. For tranquillity to be restored, what had to be removed were all the effects of the secessionist dismembering of the former Yugoslavia, above all the complete lifting of the sanctions against the F.R.Y., then the F.R.Y.'s equal participation in all international organizations, especially in the United Nations, and the resolving of the question of heritage of the former Yugoslav federation.

This is why Paris points to the desirability of "regional" association between the states on the soil of the former Yugoslavia and the E.U. on the footing of equality.

FRY: Refugees Face 'Alarming' Humanitarian Situation

LD1007181696 Belgrade TANJUG in English 1732 GMT 10 Jul 96

[FBIS Transcribed Text] Belgrade, July 10 (TANJUG)—The humanitarian situation of refugees and their host families in the Federal Republic of Yugosalvia is the toughest in the past five years, Serbian Commissioner for Refugees Bratislava Morina and the representatives of the Serbian and Yugoslav Red Cross organizations said on Wednesday.

Serbian Red Cross President Dr. Slobodanka Gruden and Yugoslav Red Cross General Secretary Dr. Rade Dubajic said at a joint meeting that it is necessary to warn both the domestic and international public about the huge problems in providing for the 700,000 refugees, of whom the majority have found shelter with relatives and friends.

Gruden and Dubajic said that of primary importance is to find a way to secure food and personal hygiene packages, because the European Union's Humanitarian Office (ECHO) has this month stopped sending aid for refugees in private accomodations.

Gruden and Dubajic also warned that the situation in collective accomodation centres is alarming since there are no means for maintaing these facilities.

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FRY: Zagreb Serb National Party Leader Interviewed

AU1207102496 Belgrade NIN in Serbo-Croatian 28 Jun 96 pp 13-14

[Interview with Milan Djukic, the leader of the Serbian National Party, by Zorica Stanivukovic; place and date not given: "On the Ground Floor, Where the Minorities Are"]

[FBIS Translated Excerpt] In his interview for NIN, the former member of the Sabor [Croat Parliament], and the leader of the Serbian National Party in Zagreb, Milan Djukic, claims that the destiny of the Serb people in Croatia is the outcome of a synchronized policy between Zagreb and Belgrade. He adds that they both see the division of Bosnia-Herzegovina as "building material" for the enlargement of Croatia and Serbia. Both sides are using the Serbs in Croatia as jokers.

In the Croat State Parliament, Serbs today have three elected national representatives, and as we were told at the entrance into the Sabor, it is easy to find their offices—"on the ground floor, where the minorities are."

[Stanivukovic] Mr. Djukic, what does the future of the Serbs in Croatia look like today?

[Djukic] At this moment it is unclear. Concerning the protection of their rights, their property, and the possibility of uniting families, the position of the Serbs is at the lowest level. You basically do not have one citizen of the Serb nationality who does not have part of his family living abroad. The position of the Serbs became unclear with the very breakup of former Yugoslavia. Even then, anyone who observed [the situation] could have perceived that no one was taking account of the Serbs, as well as the fact that, at that time, their status was not solved in Croatia, and therefore also not in former Yugoslavia. We, as Serbs, then knew of Yugoslavia, we knew we were Serbs and nothing else. All this was connected to the fear and the uncertainty that the Serb people had already encountered once before—not too long ago, if we consider its recent history. The people became confused, and with some kinds of weapons, they were left to themselves. However, nothing could have been done with the weapons, especially because the world had recognized both the breakup of Yugoslavia in 1991, as well as the creation of states with the AVNOJ [Anti-Fascist Council of People's Liberation of Yugoslavia] borders that had been valid till then.

[Stanivukovic] What are your experiences like, regarding the return of those Serbs that had left Croatia after the military operations last year?

[Djukic] Even with this issue, in front of the international public, there was an attempt to speculate, to the maximum, regarding the political solution for the entire crisis in the area. The Serbs in Croatia were used even in other ways. It is certain that they will survive this, but in what number and after what kind of suffering and sacrifices is another issue. In such a war, there always needs to be a scapegoat, and it is clear that in this war it will be the Serbs, who are the citizens of Croatia. This will of Croatia's to have its inhabitants return—since such was the assessment at official policy level, which says that Serbs were called on not to leave their homes—is a manipulation of democracy. The president of the country does not have the constitutional right to call on something like this. That is because it does not have the necessary importance of political security, as freedom and security are not guaranteed by the president, but the Constitution of the Republic of Croatia. This means that the Serb citizens, who temporarily left their homes, were right. And this for their own good and for Croatia. For themselves, in order to stay alive, and for Croatia, so that it does not, once again, receive its well-known epithet from 1941 of being a genocidal state, a genocidal regime. Therefore, the Serbs had to do what they did. [passage omitted]

[Stanivukovic] Do you think that the Serbs who are now living in eastern Slavonia will have the right to some kind of political autonomy from the government in Zagreb?

[Djukic] I do not think that this thesis is based on serious grounds, or that it was even seriously thought of. This was a position that had to be taken for psychological-sociological reasons, in order to nevertheless see the reactions of the Serbs there to the arrival of Croat authorities, and that the issue of their position be brought up. When speaking of the Serb issue, we believe that this is not a priority. We see the priority in the governments of the Republic of Croatia and the Federal Republic of Yugoslavia, as well as the international community doing everything so that all the refugees, displaced persons, and those banished are returned to their homes. With the return of the Serbs, the issue of their position is automatically opened up. That is when they should have the last word. Today, one needs to be more afraid of the amnesty law that is being passed by Croatia, than of these initiatives, which are not serious. As it is now the law on amnesty, on the contrary, foresees that, for example, no one can receive amnesty when the Croat authorities enter eastern Slavonia. [passage omitted]

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FRY: Montenegro Deputy Questions Legality of 'Systemic Laws'

AU0407140596 Belgrade BETA in English 27 Jun-4 Jul 96

[FBIS Transcribed Text] Belgrade—The Yugoslav Federal Parliament passed on 27 June the last three laws belonging to the group of around twenty systemic laws: the Law on the Basis of the Tax System, the Law on the Audit of Accounting Statements, and the Law on Personal and Property Insurance, as well as the changes in the Law on the Assets of the FRY. The laws were adopted in absence of the opposition, which is boycotting the sessions of the Federal Parliament because its live television broadcasts have been canceled.

The only debate ensued over the Law on the Assets of the FRY, which stipulates that the Federal Ministry of Foreign Affairs manages the FRY property abroad and at home, and uses it for housing the diplomatic and consular missions. The Montenegrin Democratic Party of Socialists' MP, Miodrag Vukovic, said that the proposed Bill, which was later passed, was "quite close to being illegal and unconstitutional."

By the Law on the Basis of the Tax System, for the first time a common fiscal system has been established for the whole of Yugoslavia. Four years ago both republics, Serbia and Montenegro, have started reforms of their respective tax systems in accordance with the systems existing in the developed countries with the market economy. The Law stipulates the existence of five types of taxes: Excise tax, capital gains tax, income tax, property tax, and the international transportation profit tax. With the capital gains tax and income tax only the span of tax rates was determined, while the tax rates themselves will be established by the republics themselves.

By the Law on the Audit of Accounting Statements the companies are now under an obligation to enable state auditors to check their balance sheets in order to prevent improper accounting and tax evasion.

The Law on Personal and Property Insurance stipulates conditions for establishment of insurance companies. Compulsory insurance of passengers in public transportation in case of traffic accidents and the compulsory insurance of vehicle and aircraft owners regarding damage done to third persons is introduced. Also, insurance of individual deposits to banks and other financial institutions is also made possible.

FRY: Statistics Institute Reports Drop in Standard of Living

LD1007131496 Belgrade TANJUG in English 1304 GMT 10 Jul 96

["Ecopool" item]

[FBIS Transcribed Text] Belgrade, July 10 (TANJUG)—The monthly shopping basket, which comprises 65 food articles for a four-member Yugoslav family, stood at 1,348 dinars (270 dollars) in June, which is a 3.9 percent increase as against the previous month.

The assistant director of the Yugoslav Statistics Institute, Dragisa Bjeloglav, told TANJUG that the cost of living in June, including housing expenses, clothes, footwear and education, increased by 3.6 percent as against may.

Bjeloglav said that the shopping basket increased by 83 percent as against last June when it totalled 737 dinars (150 dollars).

Given that incomes also rose, 2.13 average wages were needed for the shopping basket in June and 2.22 wages in the same period last year.

Bjeloglav said that in the period from May 1995 to May 1996, wages had increased by 100 percent but that housing expenses also rose by 200 percent, electricity and heating by 287 and that the standard of living had dropped by three percent.

Serbia

Serbia: Draskovic Claims Situation 'Worse' After Dayton

AU1207115296 Vienna Oesterreich Eins Radio Network in German 1000 GMT 12 Jul 96

[Report by Christian Dillinger, including recorded statements by Serbian Renewal Movement Chairman Vuk Draskovic in Vienna on 12 July—Draskovic speaks in English with superimposed translation in German]

[FBIS Translated Text] Serbian opposition leader Vuk Draskovic is currently in Vienna. He is considered one of Milosevic's sharpest critics. He accused the Serb president recently of not only having destroyed the Serbian state, but also being responsible for the most serious crimes ever. In Vienna Draskovic reiterated these charges against the Serb president. Christian Dillinger reports:

Serb opposition leader Vuk Draskovic is using his visit to Vienna to campaign for diplomatic support for the opposition parties in Belgrade—at first, in talks with

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Foreign Minister Wolfgang Schuessel, and later, in the afternoon, at a meeting with EU representatives.

[Draskovic] I expect the EU to act, and to my knowledge, the democratic opposition in Croatia is demanding the same. The internal situation in Croatia and Serbia is very similar because the two presidents, Milosevic and Tudjman, are very similar. They have much in common both mentally and spiritually.

[Dillinger] Like Tudjman, Milosevic also suppresses the opposition, Draskovic says. For instance, there are hardly any media in Belgrade that are not controlled by Milosevic, and police in Serbia have also been reinforced recently.

Draskovic is Milosevic's strongest critic in Serbia. At the beginning of his career as a politician, the former writer used the same methods as Milosevic to create enthusiasm among the masses. He, too, proposed the creation of a Greater Serbia. After the war in Croatia, however, he changed his political orientation. The unity of all Serbs cannot be achieved by the force of arms, is what he says now. He has always criticized Milosevic as a warmonger. It annoys him that Milosevic is now being presented internationally as a peacemaker.

[Draskovic] The basic mistake that the Bosnian Contact Group made in Dayton was that it promoted the people who were mainly responsible for the war and now treat them as those who are mainly responsible for peace. The situation in Serbia and Croatia after Dayton is worse than before. After Milosevic was changed from a warlord into a peacemaker in Dayton, he crushed the democratic rights of the democratic opposition.

In the fall or winter, elections will be held in what is left of Yugoslavia. Draskovic is optimistic that the opposition will be able to defeat Milosevic—an optimism that is not backed by opinion poll results in Serbia. Rather, the opposition seems to be weaker than ever.

Serbia: Marjanovic Says Companies' Debts Two-Thirds of GNP

AU0407123996 Belgrade BETA in English 27 Jun-4 Jul 96

[FBIS Transcribed Text] Belgrade—Serbian Prime Minister Mirko Marjanovic announced on 27 June at the session of the Central Council of the ruling Socialist Party of Serbia (SPS) the future "unconditional monetary and financial discipline," revealing on the occasion that certain companies were exempt from their obligatory fiscal dues. These included large "socially" owned and state controlled companies. Marjanovic said that mutual financial obligations between companies amount to two thirds of GNP (officially estimated at $1,300 per capita for 1995), and that the liabilities are higher than the assets for about five billion dinars (around $1 billion). Unpaid taxes and other dues make a larger part of liabilities total. Marjanovic also announced the liberalization of foreign trade and the lifting of the burden of social care from the shoulders of companies, meaning that the state will take it upon itself to provide unemployment and welfare benefits. The prime minister also announced the elimination of gray economy.

Montenegro

Montenegro: Deputy: Belgrade Preparing To Divide Kosovo

AU1107164796 Belgrade BETA in Serbo-Croatian 1330 GMT 11 Jul 96

[FBIS Translated Text] Podgorica, 11 Jul (BETA)—Savo Djurdjevac, deputy of the People's Party of Montenegro in the Montenegrin Assembly, stated today that the party "has reliable information" that "a new constitution of Yugoslavia is being prepared in secret" in Belgrade.

Speaking at an assembly session to debate the law on the election of deputies and committee members, Djurdjevac said that the new constitution will facilitate "the further partition and regionalization of the federal state."

He also said that, according to reliable sources close to the Army of Yugoslavia, Yugoslavia will be divided into regions and this will facilitate "peaceful division of Kosovo" and granting a "special status to Sandzak."

Kosovo

Kosovo: Arkan Expects 'Conflicts' in Province Next Year

AU1207113296 Tirana ATA in English GMT 1210 GMT 11 Jul 96

[Report by B. Jashari]

[FBIS Transcribed Text] Pristina, July 10 (ATA)—Large-scale conflicts are likely to break out in Kosova next year, the chairman of the Serbian Unity Party, Zhelko Raznjatovic Arkan, said in a news conference on Tuesday.

Arkan accused President of Kosova of being behind "all terrorist actions occurring in Kosova."

Serbian parties, also including the ruling Socialist Party, have recently accused Albanians of Kosova of terror, after several explosions without victims in the Serb

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refugee camps and of killing and wounding several policemen and civilians in unexplained incidents.

Albanian subjects of Kosova have rejected the charges. They have denounced the acts of terror and considered them efforts to escalate conflicts and hinder the political solution to the Kosova Issue.

The so-called "Kosova Liberation Army," which, according to some media speculations, has claimed responsibility for the incidents, is unidentified and unknown in Kosova.

After the incidents, the Serb regime in Kosova has undertaken large-scale acts of violence and terror against Albanians. President Rugova in the latest news conference remarked that the the violence campaign was concentrated on Albanian institutions and political, humanitarian activists and intellectuals, especially on the Democratic League, the major party of Albanians in Kosova.

"The campaign aims at incriminating the Albanian activity and definition for the solution of the Kosova issue through political means," Rugova said.

Meanwhile, statements of Serb parties and several officials excluding the possibility of talks with Albanian legitimate representatives have increased in number.

Mira Markovic, directress of the Yugoslav Union Left, has been staying in Kosova of late in an effort to search for "other Albanians" for talks and with the demand that "Albanians be dissociated from those who do not accept Serbia as their own Homeland," but without result.

In the meantime, the Serbs of Kosova have been successfully manipulated and frightened out of solving the Kosova issue. The analysts say this is done to revive the Serb populist movement, used by the end of the 1980's to violently overthrow the Kosova autonomy. This is also done to present before the international opinion the Serbs' issue as the Kosova problem and not the Albanians' question, their position.

The Kosova issue is now being discussed openly also in Serbia and a turning point was marked by the debate in the Serb Academy of Sciences, in which the chief academic Despic raised the possibility of Kosova's secession from Serbia. Serb press predict Albanian-Serb dialogue to begin in the next fall.

In Kosova, the question is: what is nearer, the dialogue to resolve the Kosova issue, demanded by the Albanians and which is insisted upon by the international community or the probable conflicts, provoked or predicted, like in Arkan's statement.

Arkan has also long since warned of the displacement of his armed formations from Bosnia and Croatia to Kosova. Arkan's people are reported to have been seen in various environments of Kosova of late. The big weapons' arsenal in the hands of Serb civilians, massively armed by the state power, and constantly provoking the Albanians, is also threatening in Kosova.

Kosovo: Serbian Policeman Seriously Wounded in Podujevo

LD1107220496 Zagreb Radio Croatia Network in Serbo-Croatian 2100 GMT 11 Jul 96

[FBIS Translated Text] We have received news from Kosovo that a Serbian policeman was seriously wounded in the village of Podujevo. He was shot at with an automatic weapon by an unidentified individual.

He was shot with six bullets and transported to the Pristina clinical center where he received first aid; later he was transferred to the Belgrade military medical academy.

A Serbian policeman was also wounded last month in an attack on the police station in the same village. After this incident around 30 Albanians were harassed in this municipality.

The Kosovo Committee for Human Rights and Freedoms points out that more than 500 Albanians were harassed in different outbursts of violence in Kosovo in June, among them 7 children, 14 women, 27 prominent political activists, and 31 educational activists.

Kosovo: Bildt Rejects Separatist Option on 'Kosovo State'

LD1007191696 Belgrade TANJUG in English 1839 GMT 10 Jul 96

[FBIS Transcribed Text] Pristina, July 10 (TANJUG)—The international community's high representative to Bosnia and Herzegovina Carl Bildt has rejected the separatist option by leaders of ethnic Albanians in Serbia's province of Kosovo and Metohija (Kosmet) on an 'independent Kosovo state.'

Bildt said the issue must be resolved within this Yugoslav republic.

This should be done through the principle of respecting existing state borders because experience from other areas has taught us that the principle is very important, Bildt said.

In an interview to the Albanian-language BUIKU paper published in Pristina, the capital of the province, Bildt said his preoccupation referred to the respect of human rights in Kosmet, adding that he makes efforts to contribute towards the establishment of a dialogue

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between Albanians and the Serbian authorities, to enable a satisfactory degree of human rights for all.

Yet, the whole debate on the Kosovo problem in Serbia shows that Kosovo is a pressing issue in the territory of Serbia which cannot be ignored and which should be tackled, he assessed.

We are looking for possibilities of initiating a dialogue, Bildt said, rejecting any possible parallel between the Republika Srpska, the Serb entity in Bosnia and Herzegovina, and Kosmet.

Kosovo: Serb Media 'Lies' Incriminating Albanians Denied

AU0907093096 Pristina KOSOVA DAILY REPORT in English 6 Jul 96

[FBIS Transcribed Text] In the aftermath of the last month's shoot-out incidents in Kosova when one Serb policeman was killed and one wounded, the Serbian mass media have been carrying on to fabricate lies aiming at incriminating Albanians both in Kosova and Albania. Notwithstanding the fact the Serbian police and court authorities have not offered any official evidence whatsoever as to the perpetrator(s) of the shooting, the Serbian media have been laying blame on "Albanian terrorists and secessionists."

The Belgrade daily POLITIKA EKSPRES, which has for years distinguished itself in an anti-Albanian propaganda, said in its last Saturday's [29 June] issue that Albanian activists in Kosova have been allegedly encouraging the people that "members of the Kosova police, trained in Albania have now become active"! Moreover, referring to what it calls "well informed sources" or "reliable sources," POLITIKA says "Albanian terrorists have been training in the town of Ukrina in Albania." This is nothing but the peak of the wicked imagination of the Serbian newspaper, for there is no town in Albania with a name "Ukrina." People who know very well Albania say they have never heard if even a village or a hamlet with such a name exists in Albania.

Referring to still "reliable sources," POLITIKA EKSPRES accuses Albania for involvement in "international terrorism," alleging that it has been encouraged by its sponsors U.S.A., Turkey, and Germany!

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